

# BUSINESS WEEK

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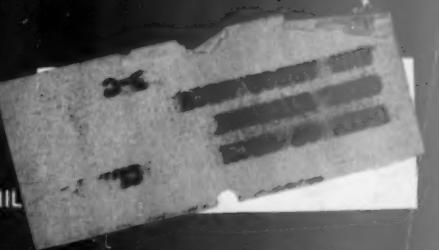
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OF WAR  
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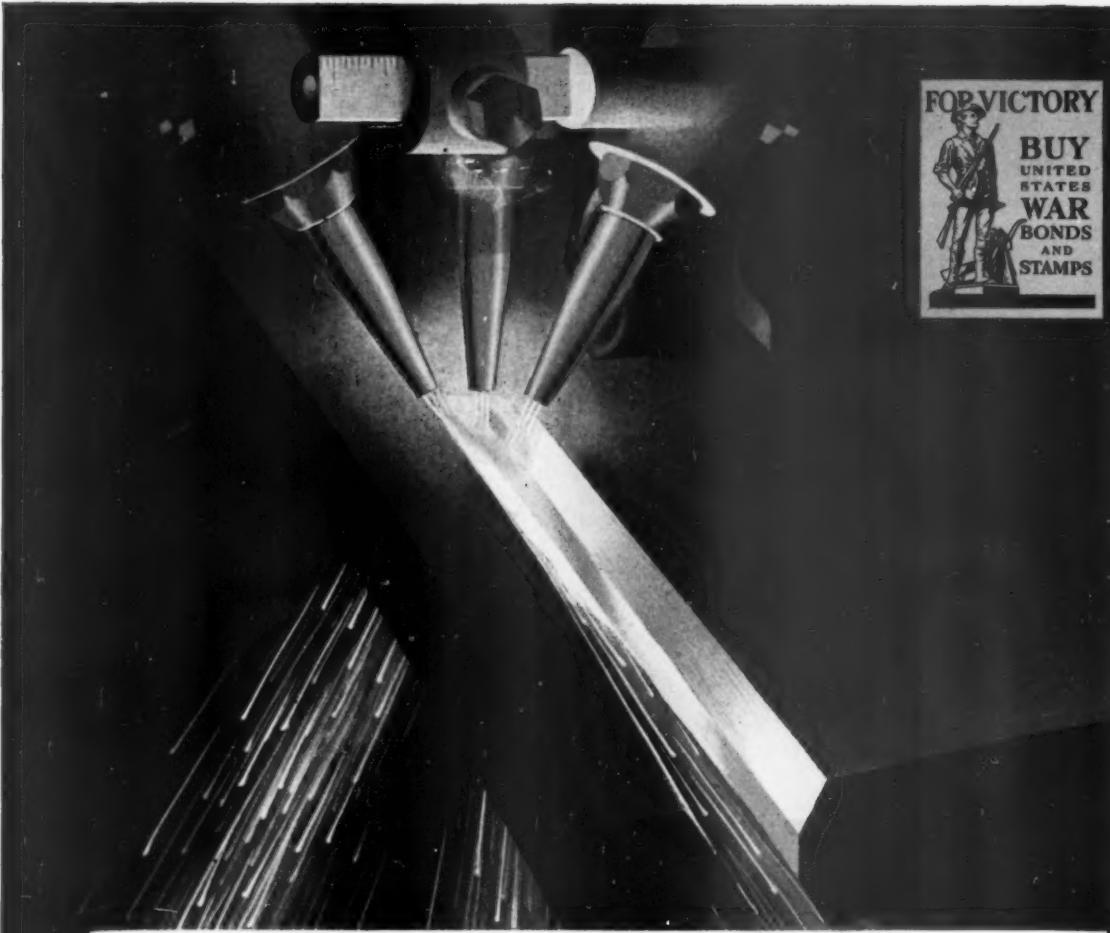


Arthur H. Bunker, chief  
of staff for reconversion.

BUSINESS  
WEEK  
INDEX

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YOU ARE LOOKING at a great timesaver developed for the production of things of steel. It is the flame-planing method of THE LINDE AIR PRODUCTS COMPANY.

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**EVER OFFERED TO THE AMERICAN PEOPLE"**

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# BUSINESS WEEK

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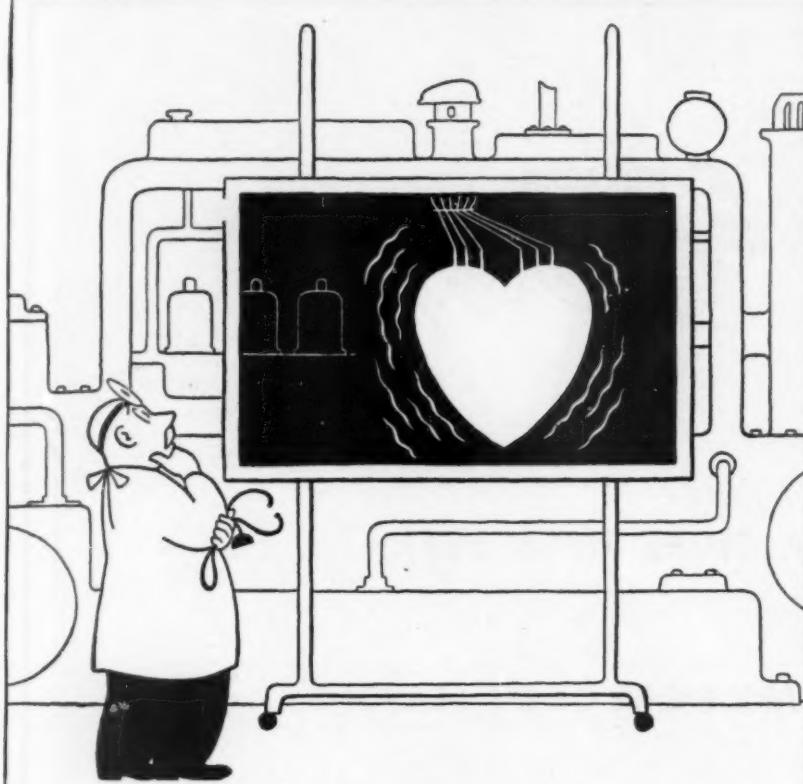
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## "... Hur-rumph, definitely a heart flutter here!"

DIESEL engines, efficient as they are, require regular adjustments like any other power machinery. But war demands have brought overloads; have in some cases sharply reduced the shut-down periods sorely needed for maintenance. As a result, years of normal use are being squeezed into months.

Whether your plant is powered by Diesel, steam or electricity, your present equipment may have to serve you reliably for the duration and for some time after the war. So it is worth your while to consider the many protective advantages that Hartford Steam Boiler can offer you.

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# WASHINGTON BULLETIN

## What Price Reconversion?

Now that WPB has made the preliminary moves toward reconversion (BW-Jun.24'44,p5), the tough question of reconversion pricing—hitherto largely academic—is receiving the serious attention of top WPB and OPA officials.

Both agencies realize that businessmen are entitled to a clear-cut policy on pricing of reconversion goods.

This policy still has to take final shape, but it probably will be fairly tight during the early stages of reconversion (when it will still be necessary to curb inflation, and safeguard war production), gradually becoming more liberal later on.

## Problems to Watch

Here are some of the considerations officials must take into account in setting the rules for pricing reconversion goods:

(1) Single line producers—particularly those which have no war orders to keep operations at capacity—will have to receive more liberal treatment than companies which can spread the overhead.

(2) Reconversion costs—retooling, buying new equipment, training new workers—are exceptional and nonrecurrent expenses. OPA thinks that price ceilings should not cover them.

(3) In addition to pure reconversion costs, other costs—raw materials, labor—may be artificially high during the early stages of reconversion. Prices fully covering these costs might have to give way two or three years later. Yet too low a level of prices might discourage investment, get reconversion off to a slow start. Washington hasn't figured out the answer.

(4) Initial programming of civilian production in small dribs and drabs may be advantageous from the standpoint of keeping the economy going, but it will greatly complicate pricing problems.

(5) WPB and OPA may be harassed by a low-end problem during reconversion. Manufacturers are expected to shy away from low-price, low-profit goods.

## Army Cuts Red Tape

The War Dept. has just added a new tooth to its close pricing policy by making a deal with WPB and the War Food Administration whereby their consent no longer will be required to placing a mandatory order with a contractor.

This compulsory power is rarely used, but its presence strengthens the Army's hand in bargaining.

Procurement officials, who wanted to cut off the red tape in case contractors objected to the tighter pricing policy, also had in mind the possibility that manufacturers will be reluctant to take additional orders when they see a chance of getting back into civilian business.

## Scan Termination Plan

Army Procurement officers are taking a careful look at an industry-sponsored proposal to write a lump sum termination provision—comparable to liquidated damages—into certain classes of contracts where accountants can foresee the probable loss from cancellation at any given stage of completion.

No contracts of this sort have been written yet, but the Army is making a study of the possibilities.

## Party Issue Avoided

War Food Administration officials are sitting tight with respect to the provision forced into the price control act requiring the President to take every legal step to assure producers not less than parity on cotton and other commodities (page 15).

Already WFA is supporting most farm prices above parity, and with cotton now selling at parity, WFA doesn't feel called upon to take any action, especially since practically all of the 1943 crop has been marketed. Actually to peg cotton and other commodities at parity, officials point out, would require a standing government commitment to buy all products offered at parity prices.

What the government would do with these commodities, WFA doesn't know, since other legislation prohibits government sale at less than parity, except in the case of deteriorated perishables and feed.

## Another Furlough?

Circumstances point to another whisky furlough early next year. Only wheat, rye, and barley are available to distillers for August production of whisky, and of alcohol for blending.

Plenty of corn probably will be available next winter. The crop is slow

but may turn out to be the largest on record.

Even if the yield is no better than average, a surplus over essential needs is likely because of the severe cutbacks by farmers in this year's pig production, the increasing proportion of synthetic rubber obtained from petroleum rather than alcohol, and a probable shrinkage in other war needs.

The military's demand this week for diversion of 400,000 bbl. of butylenes from rubber to aviation fuel production presents no problem. The war alcohol stockpile will be tapped to maintain rubber output during July and August. Rubber supply now is very comfortable. The squeeze is in manpower to turn out heavy-duty military and commercial tires (BW-Jun.17'44,p22).

## Tax Form Tempest

The new form that tax exempt organizations (principally labor unions and cooperatives) will use to file returns is drawing fire from all sides.

Several of the congressmen who wrote the requirement into the 1943 tax bill are miffed because the Bureau of Internal Revenue has ruled that parent organizations may file a consolidated return covering all, or some, of their subsidiaries.

This means that national labor organizations will be able to file a consolidated return for all their locals, keeping the record from showing how each one stands.

But any local that receives income from rents, or business operations, will have to file a balance sheet in its own name showing all assets and liabilities. This provision is coming in for hot criticism from the labor side of the street.

## Cartel Policy Still Pending

The Administration still is undecided on what sort of cartel policy will be politically practical after the war, although a subcommittee of technicians representing an interdepartmental (State, Treasury, Tariff Commission, Commerce, Agriculture, and Bureau of Labor Statistics) executive committee on economic foreign policy has agreed on a program for international prohibition of restrictive agreements among private commercial firms. The technicians favor intergovernmental agreements.

The outlawing of cartels by this gov-



*The New Fairchild Cargo Plane*

## Lights On!

From the caves of France,  
And the forests of Norway,  
Out of the wet reeds on a  
Chinese river edge . . .  
Men will come.  
Free men once more.  
Free because of you.  
Because you, thousands of  
miles away, knew the price of  
your own freedom.  
War Bonds! A few more War

Bonds! Just a few pieces of  
paper.  
But what powerful paper . . .  
Bullets to stop a leering  
Japanese . . .  
Bombs to blast the barbed wire  
from the prison camps of  
Europe . . .  
Planes to tear a path of light  
through the darkness of the  
world!  
Yes, a few pieces of paper.  
But powerful *only because your*

*name is written on them.*  
Without *your name* on them as  
owner,  
No bullets . . .  
No bombs . . .  
No planes . . .  
No lights . . .  
Darkness!  
Help back the attack.  
Help turn on the lights.  
Buy more than before!

FAIRCHILD ENGINE AND AIRPLANE CORPORATION  
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V TH WAR LOAN

# WASHINGTON BULLETIN (Continued)

overnment would be ineffectual unless the British, Dutch, and others, also joined in forbidding them. As seen by experts, this government's problem, therefore, is to persuade other powers that cartels are inefficient in the long run and might ruffle international relations. The State Dept. finds the American public has not made up its mind about cartels.

The interdepartmental committee has recommended creation of research institutions by various governments for the interchange of technical information, establishment of an international repository to receive private commercial agreements if they are made, and the organization of an international office of business practices to pass on complaints arising from the material filed with the repository. The committee

also urges revision of U. S. patent laws to require that patent-holders must use their patents or lose them.

## Sugar Report to Congress

More repercussions are likely when Sen. Guy M. Gillette's rubber-alcohol-sugar committee takes up that confidential report on the handling of the sugar program made to OPA by a committee headed by Ellsworth Bunker, president of National Sugar Refining Co. (BW-Jun. 10'44, p19).

At Gillette's request, Price Administrator Chester Bowles furnished him with a copy of the report, but asked that it not be made public. Gillette's reply was that the committee would decide whether or not it should be made

public. Then Bowles forwarded what he termed the "final" report, with a request that the original copy be returned.

The Gillette committee is expected to get together sometime during the congressional recess.

## To Stabilize Point Values

Return of ration point values on choice cuts of lamb, and higher point values on many cuts of beef, will not be followed by any increase in consumers' monthly point allowances.

Meat rationing probably will coast along about as now for the next couple of months. Pork is expected to tighten up early in the fall. Beef will become more plentiful.

The plan for separating meats-fats ra-

## Arthur H. Bunker—For Cautious Reconversion

Arthur H. Bunker, the new deputy executive vice-chairman of WPB (cover), is one of the old-timers who saw the war production machine put together. Under the present WPB setup, he now is slated to be the man who supervises taking it apart.

• **Heir to Wilson**—Bunker first came to Washington in December, 1941, as chief to the old Office of Production Management's aluminum and magnesium unit. Surviving the shuffle that transformed OPM into WPB, he became director of the Aluminum & Magnesium Division, then vice-chairman for metals and minerals.

Now Bunker is not only deputy executive vice-chairman but vice-chairman of the Production Executive Committee and director of the PEC staff, which is supposed to handle WPB's part in reconversion. He is recognized as the probable heir to Charles E. Wilson, executive vice-chairman, if and when Wilson succeeds in putting through his long-pending resignation.

• **Lehman Corp. Executive**—Tall and spare, with chilly blue eyes and wiry gray hair, Bunker looks like the popular notion of a Yankee merchant. This impression is somewhat misleading, as he divided his pre-Washington life about evenly between engineering and finance.

From 1929 to 1941, he was executive vice-president of Lehman Corp., New York investment trust.

Before that he did some pioneering in the extraction of vanadium and radium ores.

• **Fast on His Feet**—A general executive rather than a production man, Bunker leans heavily on the technical members of his staff, but he keeps close track of everything that goes on in his shop. He is known as one of the hardest workers in Washington, thrives on long hours, handles an enormous volume of work without showing strain.

When a major policy decision is in the works, he is cautious, sometimes to the point of inconclusiveness. Once he has made up his mind, he plows ahead without worrying about opposition, disposing of operating problems quickly. Other officials sometimes flare up at what they consider arbitrariness, but Bunker's rapid, incisive speech puts a damper on argument. In face-to-face debate, he usually can talk rings around his opponent.

• **Undiplomatic Tactics**—In the two and one-half years of his Washington career, Bunker has made strong friends and equally strong enemies. Men who worked with him in the desk-pounding, hair-tearing days of OPM swear by him. Others who have bucked him at one time or another still smart at the hard-boiled way he drives through his ideas.

Friends and enemies alike are waiting to see how his undiplomatic tactics will fit into the touchy job of

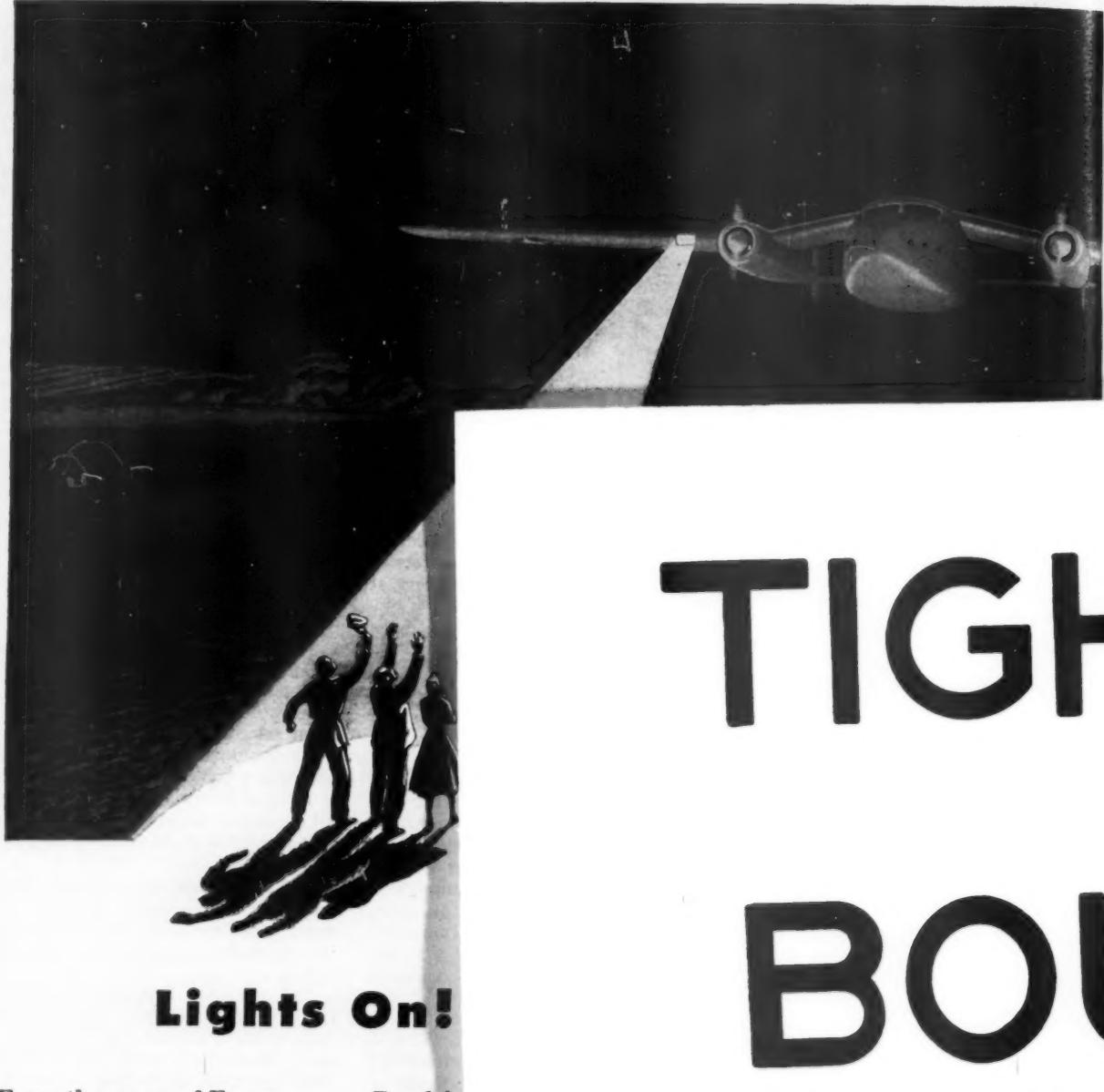
reconversion planning. Bunker himself is not worried. He is proud of the fact that in the time he has been dealing with the highly explosive metals situation he has had to make only two appearances before congressional committees.

• **Cautious Reconversion**—On general reconversion planning, Bunker is inclined to be cautious, stressing the necessity of protecting war production even though that means slower resumption of civilian work.

Along with other operations vice-chairmen, he voted against Chairman Donald Nelson's plan for relaxing restrictions on use of aluminum and magnesium at once instead of waiting for the fall of Germany (BW-Jun. 24'44, p5).

• **Services Trust Him**—Bunker's appointment as director of the PEC staff was a blow to the more militant advocates of increased civilian production. They call it a case of making the wolf the shepherd, and they fear that the PEC will become a rubber stamp for the Army and Navy representatives instead of a vigorous, independent agency.

Bunker's cordial relations with the military can work both ways, however. Because he has their confidence, the Army and Navy will give him more leeway than they would allow an open critic. In the long run, this could mean a faster reconversion, if Bunker throws his weight on that side of the scale.



## Lights On!

From the caves of France,  
And the forests of Norway,  
Out of the wet reeds on a  
Chinese river edge . . .  
Men will come.  
Free men once more.  
Free because of you.  
Because you, thousands of  
miles away, knew the price of  
your own freedom.  
War Bonds! A few more War

Bonds! . . .  
paper.  
But what powerful paper . . .  
Bullets to stop a leering  
Japanese . . .  
Bombs to blast the barbed wire  
from the prison camps of  
Europe . . .  
Planes to tear a path of light  
through the darkness of the  
world!  
Yes, a few pieces of paper.  
But powerful *only because your*

# TIGH BOU

Without *your* name on them as  
owner,  
No bullets . . .  
No bombs . . .  
No planes . . .  
No lights . . .  
Darkness!  
Help back the attack.  
Help turn on the lights.  
Buy more than before!

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tioning has been abandoned, and a plan to put higher point values on choice quality, lower values on lower quality, of the same cuts probably will be dropped.

The new point values on canned asparagus, peas, and tomatoes (other vegetables may have point values again by August) indicate that OPA will try to set values in round multiples of five, to make ration arithmetic easier for grocers and their customers.

From now on, also, OPA will try to avoid violent fluctuations in point values by estimating annual demand, keeping values about the same all year round.

### No New Tires on A Cards

By holding the civilian tire quota for July and August to a total of 3,900,000 (or 1,950,000 for each month), the Office of the Rubber Director and OPA hope to spare themselves embarrassing questions. Some probably would have been asked as the result of last spring's promise by Charles F. Phillips, OPA rationing chief—that when the new tire quotas for civilians reached 2,000,000 a month, holders of A cards would get some.

This week, Phillips told the press that there would be no new tires for holders of A cards until 1945.

Civilian tire allocations have been subject to other shenanigans in the past. From January through April, a total of some 400,000 tires, in excess of regular civilian quotas, were secretly allocated to OPA.

The rubber office's reason for wanting to keep these extra allocations under cover reportedly was that if the Army and Navy knew the tires could be spared for civilians, the services might become inquisitive about draft deferments and other prerogatives granted the rubber industry. The extra allotments now have been belatedly publicized, and OPA and ORD apparently have agreed that there shall be no more of them.

By way of compensation, new tubes went off rationing July 1.

—Business Week's  
Washington Bureau

### THE COVER

As the ramparts of Hitler's fortress are pushed back, the brightening spotlight of U. S. industrial reconversion plays full on Arthur H. Bunker. Designated vice-chairman of WPB's Production Executive Committee, Bunker has the job of installing the machinery of change, of controlling the staff that will formulate day-to-day reconversion decisions (page 7).

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# THE OUTLOOK

BUSINESS WEEK  
JULY 1, 1944



**Don't expect quick action by Congress on legislation to facilitate disposal of surpluses and to tide the jobless over the reconversion period.**

Both present knotty problems, are beset by various pressure groups.

**Congress wants to get into surplus disposal. Will Clayton, surplus administrator, wants the legislators' help in formalizing his decisions on sales policy; he knows, moreover, that the pie is too big and juicy for Congress to keep hands off.**

But here are the two big stumbling blocks: (1) Congressmen will fight to keep new plants in their sections running despite dollar-and-cents logic, and (2) they will dawdle over provisions that would make speedy sales easy for fear speedy sales would result in a few scandals.

**This is of prime importance to industry; toughest nut for Congress to crack will be sale of plant and equipment.** There'll be much talk of monopoly. Yet a clear policy on sale of property and tools (users to get first call) is basic to smooth reconversion.

**Clayton may have to handle surplus property disposal on his own for some months, at least.**

He would like to submit proposals for sale of major plants to Congress, the deals to become effective after six months, say, if no one objected.

But if Congress dallies—and it almost certainly will—he probably will be compelled to decide what "strengthens monopoly" by himself.

**Care of the jobless is likely to fall on the states by default** simply because both federal unemployment insurance and dismissal pay are widely opposed, and for strong reasons.

Dismissal pay (footed by the government by making it a charge in settlement of war contracts) would take care only of the people laid off by contractors and subcontractors working directly on war orders.

U. S. unemployment insurance, by whatever name, is seen leading directly to federalization of the state funds. (Throwing the burden on the state funds might lead to their federalization, too, by bankrupting them.)

**At the White House (spearhead is War Mobilization Director James F. Byrnes), the drive is for liberal unemployment insurance for displaced workers.**

This could be met only with federal money. Congressmen will hear plenty from their state officials about why this won't do.

**A.F.L. will back distribution of the money by the states; its influence around the various state houses is such that it doesn't care so much where the money comes from so long as it is distributed locally.**

**C.I.O. will push for any and all plans;** it wants only to assure payments up to 26 weeks of idleness and at rates higher than the states' scales.

Congress previously has shied away from making dismissal wages a charge against terminated war contracts.

**Washington—all the way from Capitol Hill to the White House—has no intention of tossing this liberal severance aid to direct war workers while forcing indirect war workers and others to rely on slim state payments.**

Compensation authorities doubt that the problem could be split into two parts: (1) dismissal pay for war workers, and (2) liberalized unemploy-

# THE OUTLOOK (Continued)

BUSINESS WEEK

JULY 1, 1944

ment insurance for all the other jobless during the period of transition.

**State unemployment insurance funds necessarily face a staggering problem** when employment begins to decline, especially those with "merit rating."

The merit rating plan—like certain types of insurance—allows the fellow with a good record a reduction in rates. Most employers long have been operating without seasonal ups and downs of their normal business, consequently have been paying in the minimum per worker.

**The funds, nevertheless, have their full obligation to every worker** on the rolls. This means an unprecedented number of eligibles. Very many are likely to be jobless at one time or another in the next 18 months.

Handling compensation of the reconversion jobless along strictly state lines has another interesting complication.

**The worker who is laid off, no matter where he lived before the war, will think twice before he takes a job outside the state that owes him unemployment compensation.**

Biggest labor problem looming ahead hasn't to do with wages or hours.

**The fight now is for postwar security, and it has cropped up in myriad little jurisdictional disputes.** This is, of course, primarily within the A.F.L. but will at times involve rows between unions in C.I.O., A.F.L., and John Lewis' catch-all, District 50 of the United Mine Workers.

**Automobile tires are not nearly as plentiful as a lot of dealers would have you believe, and they won't be for some time to come.**

It is true that the synthetic rubber program is over the top. It also is true that production problems have been licked on all but large, heavy-duty casings. **But there is a manpower shortage that has no handy solution.**

Extreme difficulty in trying to meet military requirements for heavy-duty tires—which involves availability of cord as well as rubber—is holding down production of easy-to-make tires for civilians.

Significant thing for the postwar rubber industry is that **top men in the synthetic program are forecasting production for as little as 6¢-8¢ a lb.**

That is about half what plantation owners of the Far East liked to think of as a fair price before the war. It is less than a third of the actual prewar price.

True competitive significance is clear when it is realized that **we shall end the war with synthetic capacity about 1½ times our prewar consumption of crude rubber.** This, plus price, explain plantation owners' fears.

**Lack of manpower in rubber may mean another "liquor furlough" later.**

The Office of the Rubber Director, pleased by increased output of synthetic from petroleum base, recently reduced estimates of the size of the necessary alcohol stockpile. This week it was announced that 400,000 bbl. of butylenes are to be diverted to the aviation gasoline program.

**In other words, we have all the alcohol and butylenes we need for rubber so long as we can't get workers to make all the tires we could use.** The moment that need for aviation fuel begins to decline, the liquor industry may consider its war production obligation discharged.

# FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below). . . . .	*238.9	†238.7	239.5	236.5	231.8
<b>INTRODUCTION</b>					
Steel Ingot Operations (% of capacity). . . . .	95.7	97.3	97.5	86.3	90.3
Production of Automobiles and Trucks. . . . .	19,385	18,985	18,260	15,570	19,185
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands). . . . .	\$5,608	\$5,362	\$5,227	\$5,403	\$9,903
Electric Power Output (million kilowatt-hours). . . . .	4,325	4,287	4,292	4,295	4,120
Crude Oil (daily average, 1,000 bbls.). . . . .	4,583	4,568	4,514	4,363	3,955
Bituminous Coal (daily average, 1,000 tons). . . . .	2,050	†2,088	2,050	2,035	2,001
<b>TRADE</b>					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars). . . . .	82	81	82	75	81
All Other Carloadings (daily average, 1,000 cars). . . . .	65	64	63	52	64
Money in Circulation (Wednesday series, millions). . . . .	\$22,293	\$22,333	\$21,911	\$20,382	\$17,154
Department Store Sales (change from same week of preceding year). . . . .	+3%	+2%	+15%	-4%	+28%
Business Failures (Dun & Bradstreet, number). . . . .	25	30	33	21	60
<b>PRICES (Average for the week)</b>					
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100). . . . .	249.6	250.1	250.7	246.6	244.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). . . . .	165.7	165.3	164.2	160.6	160.0
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). . . . .	223.7	224.3	224.2	218.1	208.9
Finished Steel Composite (Steel, ton). . . . .	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton). . . . .	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
Copper (electrolytic, Connecticut Valley, lb.). . . . .	12,000¢	12,000¢	12,000¢	12,000¢	12,000¢
Wheat (No. 2, hard winter, Kansas City, bu.). . . . .	\$1.55	\$1.57	\$1.64	\$1.63	\$1.35
Sugar (raw, delivered New York, lb.). . . . .	3.74¢	3.74¢	3.74¢	3.74¢	3.74¢
Cotton (middling, ten designated markets, lb.). . . . .	21.72¢	21.59¢	21.18¢	19.78¢	21.11¢
Wool Tops (New York, lb.). . . . .	\$1.340	\$1.340	\$1.350	\$1.295	\$1.370
Rubber (ribbed smoked sheets, New York, lb.). . . . .	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
<b>FINANCE</b>					
90 Stocks, Price Index (Standard & Poor's Corp.). . . . .	102.8	102.3	97.4	91.7	97.3
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's). . . . .	3.58%	3.59%	3.60%	3.81%	3.86%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's). . . . .	2.73%	2.73%	2.72%	2.74%	2.71%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average). . . . .	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate). . . . .	1%	1%	1%	1-1%	1-1%
<b>RANKING (Millions of dollars)</b>					
Demand Deposits Adjusted, reporting member banks. . . . .	36,426	37,229	35,969	34,185	32,472
Total Loans and Investments, reporting member banks. . . . .	51,152	50,405	50,240	49,950	46,147
Commercial and Agricultural Loans, reporting member banks. . . . .	5,939	5,913	5,906	6,486	5,565
Securities Loans, reporting member banks. . . . .	2,031	1,886	1,839	1,924	1,359
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks. . . . .	37,832	37,259	37,184	36,169	33,631
Other Securities Held, reporting member banks. . . . .	2,904	2,897	2,867	2,784	3,062
Excess Reserves, all member banks (Wednesday series). . . . .	1,400	1,100	800	919	1,299
Total Federal Reserve Credit Outstanding (Wednesday series). . . . .	15,786	15,606	14,525	12,459	7,194

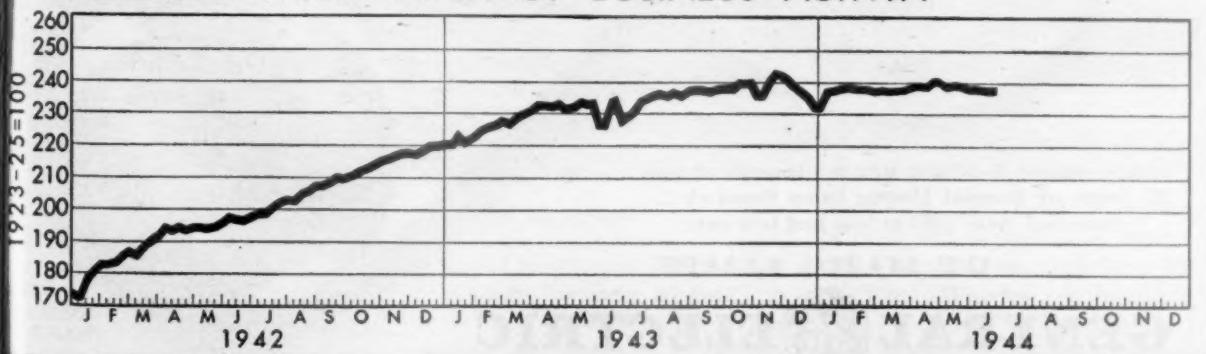
Preliminary, week ended June 24th.

Ceiling fixed by government.

† Revised.

§ Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Postwar modernization? In G-E lamps you'll find tools that make it easy to bring office space up-to-date; help employees handle paperwork faster, better... with less strain and fatigue. Put G-E lighting into your postwar plans.



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General Electric Lamp Research  
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Stay Brighter Longer*

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50 years of General Electric Lamp Research...  
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**BUY WAR  
BONDS AND  
HOLD THEM**

## Price Control—A Salvage Job

Amended stabilization law weakens price controls and OPA powers, pleasing business groups but stirring labor protests. Principal changes are procedural, permitting court intervention.

Businessmen, carefully combing Congress' new price control law this week, came up with the conclusion that they had achieved much of what they wanted (and more than the most realistic of them expected) in the way of limiting OPA's powers.

**Cutting Best Face On**—Price Administrator Chester Bowles was doggedly putting the best possible front on the crippled law. The official OPA line, as laid down by Bowles, was that the act might have been a great deal worse—from OPA's standpoint—and that there were some compensations.

Most important of these was that Congress had, in general, indorsed price control and the present administration's policy.

But Bowles' subordinates, particularly enforcement and rent control officials, were finding some of the new amendments hard to swallow. (Bowles' careful front may have been designed, part, to lift sagging employee morale.) At the end of the week, Bowles himself, reportedly, was beginning to wonder how well he had bargained.

**N.A.M. Claims Victory**—The National Assn. of Manufacturers, and other business groups, hailed the price act as a major defeat for OPA and the administration.

Government stabilizers immediately saw in the amendments a double threat to wage-price stabilization. Labor leaders, finding new support for their argument that the price and wage hinges of stabilization are badly out of line, hit at "floating prices and frozen wages." Philip Murray, president of the A.I.O., declared that workers would not allow the new price act to be used as an excuse for continuing wage controls. Labor concentrated its attack on the so-called procedural amendments; these have the broadest significance for business. They are also the provisions causing OPA the most grief.

**Key Amendments**—The most important of these amendments permits district courts to stay enforcement proceedings, while businessmen seek review of a price regulation's validity in the Emergency Court of Appeals (box, page 16). Enforcement officials believe that a good lawyer may be able

to use this amendment to stave off final action for six months or more.

If a complainant starts at the beginning and goes up through the new OPA administrative board of review, established by the act, the delay can be prolonged almost indefinitely.

OPA enforcement attorneys have at least one bitter last laugh. They point out that the procedural amendments inevitably will tend to increase their activity, despite the attempt of the top command in OPA, since the days of Leon Henderson, to minimize the role of the lawyers in the agency.

**• Lawyers' Field Day**—In the past, many businessmen, who have sought relief from an OPA regulation, have passed up the formal protest in favor of an informal petition for amendment of the regulation which affected them. Since such petitions involved no court

action, their handling did not require the constant surveillance of a lawyer. Furthermore, such petitions often got prompter and kinder treatment than the formal protests. Under the liberalized provisions for court review, OPA expects to get more protests—requiring legal supervision—and fewer petitions.

OPA gets some consolation from the fact that its enforcement arm has been strengthened in one respect—it can now bring triple damage suits against retailers.

**• Courts to Interpret**—If the courts interpret the law strictly, OPA's enforcement powers may not be technically weakened, but they will almost certainly be bogged down in a mass of appeals. Enforcement officials note gloomily that some trade associations already are advising their members to take all possible advantage of the appeals procedure.

OPA's economists haven't yet figured out how much inflation is wrapped up in the compromise cotton textile price amendment. But, putting the best possible face on what they have to live with, they minimize price spiral possibilities.

The original Bankhead proposal would have required OPA to set ceil-



### C'EST LA GUERRE?

Amazed American and British invaders discover "business as usual" in some French towns. Expecting to find privation and empty shops, soldiers entering Bayeux came instead upon

shops with the latest in fashions (above), and cosmetics—in contrast with London where stores have little of either. Whether the inventories were left behind for propaganda, or were supplied to "butter" the local populace is a matter of conjecture.

## How Price Control Was Amended

These amendments to the price control law, in the order in which they appear in the Stabilization Act of 1944, have general significances for business:

**Rents**—OPA must adjust rent ceilings in individual cases where substantial hardship has resulted (since the rent freeze date) from unavoidable increases in taxes and costs.

**Subsidies**—No new food subsidies may be financed by the Reconstruction Finance Corp. (No such limitation applies to Commodity Credit Corp. subsidies, but CCC is short of funds.) All existing subsidies expire June 30, 1945 (along with the act), and may not be renewed without authorization from Congress.

**Highest price line**—Congress has banned at the retail level use of the highest price line limitation which forbade the dealing in price lines higher than those handled in March, 1942. (OPA may continue to use it at the manufacturer and wholesaler levels.)

**Farm crop ceilings**—OPA must publish ceiling prices for farm crops 15 days before the start of the normal planting season.

**Fresh fruits and vegetables**—OPA is required to take into consideration such factors as sharp reductions in yield and heavy cost increases in fixing ceilings for fresh fruits and vegetables.

**Purchase of evidence**—OPA may now buy evidence (for example, counterfeit gasoline coupons) as an aid to tracking down price and rationing violations.

**Administrative hearings**—Any person testifying, under subpoena, at an OPA hearing may be accompanied by counsel and may make a record of his testimony.

**Protests**—Businessmen may file protests against price schedules, orders, and regulations at any time. (Previously, a protest could be filed only within 60 days after a regulation was issued or after new grounds for protest, such as increased costs, had arisen.) OPA has until Sept. 1 to set up a special board of review to handle protests.

**Court review**—District courts are now empowered to stay enforcement proceedings while defendants seek review of a regulation's validity in the Emergency Court of Appeals. This power

varies as between civil and criminal enforcement proceedings; as between instances in which defendants have previously protested a regulation's validity to OPA and those in which the question of validity was not raised until the case came to trial. Where a regulation already has been protested to OPA, defendants in criminal cases can get a stay of trial from the district court, pending action by the emergency court. In civil cases, the defendant can get a stay of execution after judgment. Where the validity of a regulation is protested after action begins, defendants in criminal cases have 30 days after arraignment to ask for leave to file a complaint in the emergency court. If the court grants this, the trial is stayed. In civil cases, the defendant can do this after judgment, but before execution. Defendants in criminal cases may also apply for a stay within five days after judgment.

**Damages**—Minimum damages which a court may assess under the act have been pared down from \$50 or three times the amount of the overcharge to \$25 or the amount of the overcharge. Triple damages or \$50 remain as maximum penalties. In the case of non-willful violations, damages are limited to the minimum. OPA may now bring damage actions against retailers (previously, the right to do this was reserved to consumers).

**Rationing**—OPA may no longer use its power to suspend a business' right to deal in a rationed commodity as a means of punishing price violations on rationed items. OPA's rationing suspension and allocation orders are subject to review in the federal courts.

**Cotton**—The loan rate on cotton has been increased from 90% to 92.5% of parity. Ceilings on cotton textiles must be set high enough, for each major item, to enable processors to pay parity to growers. This provision goes by the name of the Bankhead amendment, but it is actually a diluted version of the Pace amendment.

**Agricultural commodities**—The President is authorized to undertake any necessary action (support prices, buying and selling, etc.) to maintain the prices of the basic crops at parity or the highest price received between Jan. 1 and Sept. 15, 1942, whichever is higher.

ings on cotton textiles, which would have reflected, item by item, total current costs to 90% of the industry (by volume of production), plus a "reasonable" profit—the size of the profit being left up to OPA.

**• Leeway Is Provided**—The enacted amendment, aside from being less specific, hence leaving OPA much leeway for interpretation, simply repeats the requirement in the old law that prices for commodities processed from

agricultural commodities be high enough to reflect parity and that, in the case of cotton textiles, this standard should be applied separately for each major item.

**• Interdepartment Fight**—Action on the cotton amendment is being held up by an intramural OPA-WFA dispute. The War Food Administration contends that the act requires it to raise loan rates and employ support price techniques only after OPA has revised price

ceilings. The price agency thinks the sequence should be reversed.

OPA isn't much afraid of the inflation pressure in the "hardship" amendment, providing for adjustments to cover cost and tax increases, but will add heavily to the administrative load.

Officials are sorry to lose the high price-line limitation at the retail level, but it had been nearly modified out of existence anyway.

**• Grading Setback**—Not all of OPA's troubles are wrapped up in the price control act. Canners succeeded in slipping an amendment into the OPA appropriations act. This bans specifications and standards on processed fruits and vegetables which were not "general use in the trade" prior to the act.

The grading amendment came just as OPA was preparing to announce prices for the 1944 pack based on Agricultural Marketing Administration grades. Price officials do not see any way to get around it without violating the clear wording of the law.

OPA's appropriation of \$179,000,000 for the year beginning July 1 (against \$155,000,000 in the current year) would permit much strengthening of its enforcement staff.

**• Bowles Backed Down**—Despite OPA's difficulty in stomaching the new act, it was Bowles' own unexpected willingness to compromise at the last minute which was largely responsible for securing agreement on the measure in the House-Senate conference committee.

The Administration's original strategy had been to let an overloaded bill ride for a veto (BW-Jun.17 '44, p15), forcing Congress to vote a simple extension of the old law for a period of two to six months before its June 30 expiration date. But when it became apparent, particularly because of the lateness of the date, that it would be impolitic to force anything on an increasingly recalcitrant Congress, Bowles decided to take his half loaf.

**• Best Settlement Now**—Certainly, if Bowles had held out for a veto and forced Congress to fight the whole battle over again at a later and less auspicious date, he would have had an even tougher time with various senators and representatives.

Weary of the whole row, they have now at least compiled an adequate record for their constituents back home; later, with the election issue more sharply drawn, they would be even less willing to surrender partisan advantages. Then too, Congress might at such time be eying the possibilities of peace, and be even less inclined to vote continuation of any regulatory measure, particularly on prices.

# Postwar Easement

## Contract termination enactment introduces some certainty for war industry although questions remain.

Final approval of the Murray-George contract termination bill, by a Congress eager to recess for the national political convention, establishes the legislative foundation for negotiating settlements on canceled war orders. The next step is to set up actual working machinery for paying off contractors.

This job rests with the procurement agencies, which will handle the negotiations, with the newly created Office of the Director of Contract Settlement, and with the contractors themselves. The new law sticks to broad principles, leaving administrative officials plenty of latitude to work out specific methods of procedure.

• **It's the Murray Bill**—In most respects, the bill that Congress finally accepted is the one that Sen. James E. Murray introduced early this year. When Sen. Walter F. George brought in his omnibus reconversion bill, he incorporated the Murray bill. Then, after long delays in the Senate, George and Murray decided to pull the termination provisions out of the bill and hustle them through as separate measures (BW—May 13 '44, p16).

Clear of the Senate, the Murray bill ran into a six weeks' delay in the House where a strong bloc of congressmen wanted to put termination under the supervision of the Comptroller General. House leaders finally jammed the bill through by threatening to hold up the recess for the convention until it was passed.

• **Job for Procurement**—Under the new law, the various procurement agencies, such as Army, Navy, Maritime Commission, will handle the job of terminating contracts and arranging settlements. Contracting officers will work out agreements with contractors whose orders have been canceled. Settlements over \$50,000 will be reviewed by a board of three or more members, established by the contracting agency in the division or district office making the settlement. If the board approves, or if it fails to act within 30 days, the settlement becomes final and cannot be upset by any later review except for fraud.

• **New Office Established**—To supervise the termination work of the contracting agencies, the law establishes a new office of contract settlement, headed by a director appointed by the President and approved by the Senate. The director

will "prescribe policies, principles, methods, procedures, and standards," coordinate the work of the various agencies, and see that they follow uniform rules. To advise the director, there will be a contract settlement advisory board, consisting of representatives of the Army, Navy, Treasury, Maritime Commission, Foreign Economic Administration, Reconstruction Finance Corp., War Production Board, Smaller War Plants Corp., and the Attorney General.

• **Hancock Frontrunner**—This setup replaces the joint contract termination board, headed by John M. Hancock which has been acting as coordinating agency. Hancock is considered a likely candidate for the new job of Director of Contract Settlement, although it is possible that he may prefer to continue working with Bernard Baruch on special advisory jobs.

The new law authorizes contracting agencies to provide interim financing for war contractors with pending termination claims within 30 days after they make application. It provides for advance payments up to 100% on completed work and 90% on inventory and semifinished work, including a reasonable allowance for overhead. Procurement agencies also will have authority to make loans to contractors or to guar-

ante loans that are made by commercial banks.

• **Liberal Appeals**—Appeal provisions in the law are fairly liberal from a contractor's viewpoint. If no agreement is reached, the procurement agency is supposed to issue a unilateral determination of the amount due. The contractor can appeal this either to a special appeals board, set up by the act, or to the U. S. Court of Claims. Or if he likes, he can try his luck with the appeals board, and then start over again in court.

All settlements, whether negotiated or awarded by the court, are final except in cases of fraud. The Comptroller General is authorized to review settlements to see that payments are made in accordance with the agreement or to look for evidence of fraud, but his authority stops there. Payment will be made without audit by the General Accounting Office.

• **Warren Objects**—Most officials—with the exception of Comptroller General Lindsay C. Warren—think the law provides a solid, well-designed base for termination operations.

Contractors are inclined to be cautious. They think the legislation is fine as far as it goes, but they want to see what sort of administrative machin-



## FOR STABILIZATION

Anxious to apply a checkrein to Chungking's runaway inflation, H. H. Kung (right), China's finance minister, sits with Henry Morgenthau, Secretary of the Treasury, for a preliminary talk before attending the international monetary conference at Bretton Woods, N. H. Although

Britain has advanced loans to strengthen China's position, there are indications that Kung is anxious to tie his country's monetary system to the American dollar. Such action would expedite loans needed to underwrite China's scheme of industrialization and to purchase civilian goods which could be shipped when the Pacific push reaches the mainland (page 111).

ery the director and the procurement agencies establish. Many are wondering how the contracting agencies will manage to get men trained in time to handle the highly specialized job of negotiating settlements.

• **Remaining Uncertainties**—Contractors also are worrying about specific points that the law does not mention. Many, for example, want to know what yardstick contracting officers will use to determine whether inventories are reasonable or excessive. Procurement officials are in no hurry to give them peace of mind on this point, reasoning that as long as contractors are uncertain they will keep inventories at a minimum.

Subcontractors, in general, are not as happy as primes over the terms of the law. Although the act provides that contracting agencies may deal directly with subs, it does not require them to. Subs are afraid that procurement agencies will refuse to take on the extra work of dealing with them direct, except in unusual cases. This would mean that most subcontractors would have to pass their claim up to their prime contractors, and wait for the payment to filter back down.

• **Three Big Questions**—At least three other points will have to be cleared up before manufacturers will be ready to

pass more conclusive judgment on the termination settlement machinery:

(1) Provision for company-wide settlements, which would enable a firm to straighten out all its claims at one time. The act makes an arrangement of this sort permissive, but does not require it. Rules on this point will depend largely on the outcome of an experiment in company-wide settlements now being conducted by the Army.

(2) Provision for clearing plants of government-owned equipment and materials. The act specifies that all government property is to be removed within 60 days. If it isn't gone by then, the contractor is authorized to cart it off and store it at government expense. While this sounds like a clean-cut statement, contractors want to know how the procedure for inspection, acceptance by the government, and release of liability will work.

(3) Rules on presentation of claims and proof of loss. Under present regulations, the procurement agencies want a costed inventory on file before they start paying off. The new law does not specify how stiff the accounting requirements are to be. Contractors argue that until they have seen the rules, they can't tell how long it is going to take them to get their claims in shape for filing.

## Utilities Worried

Morgenthau won't oppose rate cuts despite the tax loss prospect. The industry fears postwar readjustments.

Secretary Henry Morgenthau answered a question of great concern to public utilities and state utility regulatory commissions when he declared last week that the Treasury has no intention of opposing utility rate cuts because of any resultant decrease in excess-profit tax returns.

• **Question of How**—What the utilities would like to know now is whether regulatory commissions that may be prompted by Morgenthau's statement to cut the cost of service to the consumer will do so by rate cuts or by rate refunds.

The utility industry has argued throughout the war that its booming income is due principally, if not entirely, to war-born conditions. Load factors, particularly in industrialized sections, have increased with multiple-shift plant operation, and the higher the load factor, the better the return. Many other conditions which cannot be expected to continue during industrial demobilization also have boosted revenues.

• **Wary of Cuts**—On this basis, utilities are afraid of rate cuts even though some executives might agree that some decreases are warranted at present. Utilities contend that if rates are cut now to make wartime returns conform to peacetime standards, the return to peace will find the rate structure below its previous peacetime levels, and they are dubious of the prospects at that time of restoring the slashed rates.

Even if they were assured of compensating rate increases after the war, some utility men argue, they still would suffer the public relations consequences entailed in asking a rate boost.

• **An Alternative**—Instead, utilities argue, rates should be left at existing levels and whatever relief is due the customer should come in the form of refunds or free service. In this way, neither the company nor the commission would have the immediate postwar problem of determining again just what rates are reasonable, nor would either have the burden of litigation which so often follows a rate adjudication.

At least one important state commission rather early in the war subscribed to the theory that even though wartime revenues were unduly flushed, it would be imprudent to tamper with rate schedules on any over-all basis.

• **Reserves Are Urged**—The Pennsylvania commission so ruled and advised



## RESEARCH STIMULATORS

WPB's vice chairman, Charles E. Wilson, conducts the first meeting of a committee of high-ranking scientists and militarists who must make sure that American war machines don't become rusty when they finally come to rest. Theirs are primarily postwar planning jobs of stimulating

scientific research and keeping the results geared to national defense. Among these generals, admirals, and civilians are experts in aviation, ordnance, naval power, and various branches of engineering. The handpicked committee was appointed recently by Secretary of War Henry Stimson and Secretary of Navy James Forrestal—with Wilson as chairman.

## The Convention Proposes, Dewey Disposes

CHICAGO—In its basic planks covering domestic policy, foreign policy, tariffs, industry, labor, and agriculture, the Republican National Convention has given the party a 1944 platform which can have meaning and importance only as its presidential nominee, Thomas E. Dewey, fills in the blank spaces and implements the generalities.

• **Free and Flexible**—It gives Dewey freedom of action and flexibility of interpretation, and there is every evidence that the New York governor wanted it that way, and helped make it that way. It is admittedly an unusually loose document even as political platforms go; in fact, so loose that a group of the outspoken G.O.P. governors from within the convention, and Wendell Willkie, from without—very much from without—felt it necessary to protest to the resolutions committee in an effort to make it more precise and more binding.

The protests were not successful, and there is thus thrust into Gov. Dewey's charge an added responsibility which is at once an asset and a liability.

• **Asset and Liability**—It is an asset to as resourceful a political leader as Dewey to have a party charter which does not tie his hands in the campaign as the G.O.P. platform tied Gov. Alfred Landon's hands in 1936.

It is a liability to Dewey not to know—as his platform certainly does not assure him—whether his own party can be effectively united behind

the specific and detailed program which he will have to evolve within the rough framework of the platform generalities.

This careful (and apparently calculated) flexibility of approach is reflected in the declarations of the platform but is underlined in appraisal of these declarations by men who were close enough to the drafting to have valid judgments.

• **Foreign Policy**—For the party as a whole, the important foreign policy plank represents another step decidedly away from past isolationism, but not far enough toward large-scale collaboration really to satisfy the G.O.P. internationalist. It advocates American membership in a world security organization but refrains from any precise commitment to enforce the peace. It speaks of using "peace forces" to prevent aggression but does not identify what those peace forces are or how they could be brought into play.

It was because of the vagueness of this terminology that the group of Republican governors importuned the platform drafters—particularly Sen. Robert A. Taft, who, they felt, over-dominated the committee—to "say what they meant and mean what they say." But the governors will go along, hopeful that Dewey will fill in the details, but, perhaps, not too sure that he will.

John Foster Dulles, Dewey's foreign affairs adviser, not only approved the plank as written but was a constant collaborator in its writing. If

he was satisfied with its "flexibility," it is safe to assume that Dewey also was satisfied—either because he intended to keep it vague or because he wanted the freedom to define his own program in a manner and at a time which seemed best to him. This second view seems the most widely accepted.

• **Key Planks**—On foreign trade, the party's high-tariff traditionalists had the last word in setting the tone of a cautious gesture toward postwar removal of "unnecessary and destructive" barriers to international trade.

On labor, a plank that adroitly hits all the weak spots in the Administration's relations with labor holds its appeals largely to the level of the conservatives in organized labor.

On agriculture, the farmers get all they asked in pledges of maximum federal assistance—as they will from the Democrats—with a promise of relief from federal control of that assistance which the candidate will have to figure out how to implement.

For business and industry, there is assurance of businesslike methods in winding up the war so as to restore free enterprise, with special assurances for small business.

• **A Matter of Honor**—The platform undertakes to bind its presidential nominee to its "principles and program" as "a matter of private honor and public faith," but since the platform erects very few boundaries on what might be done, it leaves Gov. Dewey unusual freedom of political movement. He is likely to use it.

utilities to husband their extra resources so that when peace comes they will be in position to renew loosely maintained plant quickly.

Thus far, an informal tabulation shows, rate reductions have outweighed rate refunds. In the Detroit Edison case (BW-Mar.4'44,p89), the most publicized, the city seeks a rate reduction and proposed a local franchise tax roughly equal to the company's excess-profits liability if no reduction is forthcoming.

Cleveland likewise seeks a rate reduction in a recent ordinance relative to the rate agreement it makes periodically with Cleveland Electric Illuminating Co.

• **Reductions Ordered**—The Georgia Public Service Commission ordered a rate reduction of \$1,058,000 by Georgia Power Co., remarking that it would cost the company only \$36,000.

Alabama's commission reduced rates

of the Alabama Power Co., by \$318,000 a year, although it made no mention of excess-profits taxes. Neither did the New York commission discuss taxes in its \$224,200 rate reduction order for New York State Electric & Gas Co., nor did the New Jersey commission mention taxes in ordering Public Service Electric & Gas Co. to cut rates by \$5,000,000 yearly.

In each of these latter three cases, however, the tax angle is apparent, for reductions will affect returns on which excess-profits taxes are computed.

• **Few Refunds**—Only four commissions have chosen refunds over reductions. A fifth, Indiana's, appeared to favor refunds until it decided that it could not compel refunds and consequently dropped the matter.

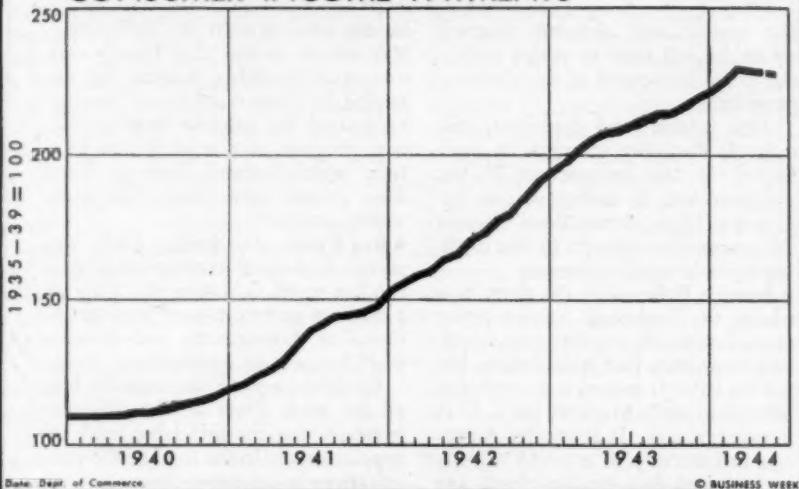
The Arkansas commission went on a refund basis more than a year ago. Connecticut approved two such agree-

ments late in 1943. Washington and Oregon commissions jointly adopted the policy in the Pacific Power & Light case several months ago.

In these cases, preservation of a rate structure in the face of abnormal earnings and conditions has been the principal consideration.

• **Recognizes States**—Disclaiming any intention of contesting rate cuts or refunds paid out of excess-profits taxes, Morgenthau recognized the paramount right of the state to regulate utility rates. Thus he avoided further fueling of the states' rights bonfire, which the Federal Power Commission did its best to quench recently by abandoning its investigation of the Southwest power pool (BW-Jun.17'44,p7). Out of that case grew the states' rights quarrel between the National Assn. of Railroad & Utilities Commissioners and FPC (BW-May 13'44,p42).

IN THE OUTLOOK:  
CONSUMER INCOME PAYMENTS



Date: Dept. of Commerce

© BUSINESS WEEK

Income payments have been easing slightly since February, starting a new trend. Chief immediate cause is the decline of 7% in factory employment between last November and May. These workers have entered the armed forces at lower pay, left the labor market, or taken less essential jobs at reduced wages. This overbalances

whatever shifting toward higher skills still goes on. In general, income is being retarded by the fact that our total military and industrial manpower supply no longer is expanding, but rather is now contracting. The slight decline in income may reduce pressure of consumer buying at stores, if, indeed, it has not already done so.

## Full House

**Cold storage industry, despite new facilities, hasn't enough space for food stuffs as peak season nears.**

The cold storage industry is an invasion casualty. Entering the most important 60-day period of the year when foodstuffs in tremendous quantity are moving into the cooler and freezer space, the industry's warehouses are already full.

Both cause and cure are found in the movement of ships, for they did not carry the expected quantities of food to Europe during the spring because of the part they had to play in the invasion. War duty will keep them in European waters for some time, and their return is expected to be too late to furnish any relief in the present emergency.

• **WFA Cut Hoarding**—Preparation for the normal peak movement toward warehouses began months ago when figures on space occupancy indicated food hoarding on a major scale (BW—Jan. 15 '44, p44).

An order was issued last March by the War Food Administration which forced food out of the warehouses if it had been in storage for ten months (normal maximum storage period) or more. The space vacated was equivalent to ten warehouses of from 1,000,000-cu. ft. to 1,500,000-cu. ft. capacity each, and the industry returned to its regular business pattern.

• **Hit New Highs**—Spring saw an unprecedented amount of meat, lard, and fatbacks going into storage until both freezer and cooler space occupancy reached the highest averages on record.

Then came the wave of eggs purchased by WFA to support the market (BW—Jun. 10 '44, p41). While the industry was under some strain to find the necessary space for the eggs, more trouble for the government came from another cause. Eggs began arriving at warehouses in such poor condition that many warehousemen refused to accept them.

Much of this difficulty has been blamed on country shippers who did not candle the eggs before sending them to storage.

• **Nearing Capacity**—On June 1 WFA estimated cooler space was available for about 16,000 carloads and freezer space for about 5,300 carloads of foodstuffs.

When considered in the light of the vast quantities of frozen fruits and vegetables that must be put into storage within the next 60 days, in addition to the butter, cheese, and meat products, the figures indicate cold storage plants are filled almost to capacity.

The apparently greater amount of cooler space available means little, since many commodities requiring cooler space can't be stored together.

• **New Construction**—Some criticism has been leveled at the government for not providing more storage space. Inquiry at WFA discloses its belief that construction of new cooler and freezer space during the war period has been as rapid as labor and material supply would permit.

Facilities added by new construction since July 1, 1941, are shown by the net piling space (in cubic feet) available on the following dates:

	Cooler	Freezer
June 1, 1941..	311,582,000	132,212,000
Oct. 1, 1943..	320,447,000	142,882,000
May 1, 1944..*	322,000,000	*145,000,000

\* Estimated.

• **Applications Pending**—Under construction on June 1, 1944, and nearly complete were 378,000 cu. ft. of cooler space and 1,330,000 cu. ft. of freezer space. At that time pending applications for authority to build amounted to 2,495,000 cu. ft. of cooler space and 3,738,000 cu. ft. of freezer space.

Favorable action is expected on applications for construction which can be ready for use not later than Nov. 1 of this year. By that time approximately 13,300,000 cu. ft. of cooler and 18,000,000 cu. ft. of freezer space will have been made available since June 1, 1941.

• **May Be Converted**—New construction has been placed where it would do the most good, according to WFA officials. On the West Coast, where there was comparatively little cold storage space at the start of the war, there already have been built or are being built approximately 500,000 cu. ft. at Seattle, 500,000 cu. ft. at Auburn, Wash., 1,500,000 cu. ft. at Portland, Ore., 1,000,000 at San Francisco, 1,250,000 cu. ft. at Modesto, Calif., and 60,000 cu. ft. at Los Angeles. This space may be used either for cooling or for freezing.

In Los Angeles territory there also was a lot of idle cold storage space owned by farm cooperatives. WFA fronted for the cooperatives in obtaining permission from the Bureau of Internal Revenue to rent their space without losing their tax exemption.

• **New Facilities**—The shortage of warehouse facilities in the Southeast was relieved by the approval of approximately 1,500,000 cu. ft. to be built at Nashville. Some new facilities have been put up at Dallas and Fort Worth and a small

amount at St. Louis. Approximately 1,000,000 cu. ft. in Wisconsin and smaller installations throughout the midwest are under construction.

In considering additional facilities in the Mississippi Valley, official thinking was that since it was not known in which direction the food would have to be moved it would be better to put up new plants where the food was produced.

More Efficiency—WFA has put on a campaign to have all cold storage warehouse space made convertible for freezer or cooler. Applications for priorities to bring this about have been granted almost without exception. The greater efficiency in the operation of convertible space has the effect of greatly increasing facilities without the use of much labor or material.

Overexpansion Is Problem—Available storage space is reported to WFA twice each month. By this means a number of apple warehouses were brought into use which ordinarily would be empty at this time of year.

Faced with the problem of finding labor and materials for new construction, the government has had to meet the problem of possible overexpansion of the industry also.

Last War Not Forgotten—Neither government officials nor the industry has forgotten that at the start of the war the industry was still suffering from overexpansion that occurred during the last war. Force of circumstances, however, has maintained a rate of construction as high as manpower and materials would permit.

## LIQUOR TAX WINDFALL

Kentucky is anticipating a \$750,000 windfall from liquor taxes under WPB's decision that distilleries would not be required to make industrial alcohol during August (BW—Jun. 24 '44, p17).

The month's output was estimated at Louisville last week at 50,000,000 gal. of 86-89 proof blended whisky, about one-fourth of a normal year's supply, or 250,000,000 fifths. This would be about five pints for every adult American. And Kentucky whisky production is estimated at half the nation's total.

Ordinarily, a month's revenue from whisky production nets Kentucky only \$150,000 to \$200,000, but the capacity of distilleries has been stepped up under the impetus of war production.

Consumers may not have to wait until fall to feel the effects of the August production. Some of the 26,000,000 gal. of 100 proof blending alcohol now held in reserve are expected to be released for summer use. In addition, the industry might feel less constrained to hoard its 290,000,000-gal. whisky stock.

## Civilian Brewster

Bereft of all government contracts, firm leaves the arms field, seeks permission to use surplus stocks for nonwar items.

Brewster Aeronautical Corp., definitely out of the wartime aviation program, is reconverting its Long Island City plant for production of civilian goods.

Brewster is reported to have between \$7,000,000 and \$8,000,000 in aluminum stocks and is seeking War Production Board approval of its use in the manufacture of kitchen goods such as pots and pans and other civilian items. One projected product is lightweight aluminum suitcases.

Resignations Pave Way—Groundwork for the change-over was laid when Navy-appointed production experts resigned from the Henry J. Kaiser organization, and James Work was elected chairman of the board to succeed Kaiser's Harry Morton. Work was chairman of the board when the management was changed last year to meet Navy requirements, and is the largest stockholder.

Approximately one-third of the Long Island City plant is Brewster-owned,

with the other two-thirds under lease. Tools and equipment owned by the Defense Plant Corp. are being removed and other equipment that cannot be used in the civilian production will be sold. Cost of reconversion will run between \$1,000,000 and \$1,250,000.

No Army Business—Brewster's contract for the production of Corsair Fighter planes for the Navy were canceled late in May (BW—May 27 '44, p5) and efforts to obtain subcontracts for parts to go into Corsairs produced by Chance-Vought and Goodyear were futile. The Army told Brewster it was unable to give it any contracts and the decision to convert to civilian production followed.

Johnsville's New Job—The DPC-built Brewster plant at Johnsville, Pa., will be taken over by the Navy on or about July 3 as an aircraft modification and engineering center for planes from the Philadelphia naval aircraft factory. The Navy estimates that this will provide jobs for about 2,500 of the plant's 3,500 employees.

The Navy's action was not surprising, but there was some doubt whether it would convert the plant to this purpose because of the expense involved. The runways at the plant's field will have to be rebuilt. These were some of the first built by a method of mixing cement and soil and are in bad shape.



## WHISKY ON DISPLAY

Surprised by WPB's furlough for beverage alcohol production (BW—Jun. 24 '44, p17), liquor dealers are scurrying to unload slow-moving items before a whisky flush begins. Evidence of their fears are bargain sales that have slashed prices 30¢ a bottle in New York and 33 1/3% in some West Coast

chains. Hard liquor is out from under counters for the first time in months, but sells at ceiling prices—as a come-on. The big sales of such trade-termed "ersatz" drinks as cane-sugar gins, low-grade rums, and fiery vodkas reflect retailers' belief that a 15% boost in quotas from distillers will be coming soon—thus freezing the "ersatz" spirits on their shelves.

## No. 1 Job Priority

**Thousands of war project workers, hundreds of tradesmen are sought for Richland, Wash. Job recruiting is difficult.**

Spot radio announcements and newspaper advertisements throughout the nation continue to seek construction workers and other employees for what rates the country's No. 1 job priority—an important war project near Pasco, Wash.

Restrictions on specifying the type of work to be done here have made job recruiting more difficult. But this week the War Dept. came out into the open and issued an official call for skilled electrical workers to volunteer to work at least 90 days at the Hanford Engineer Works at Pasco and also at another

war project, the Clinton Engineer Works at Knoxville.

• **Tradesmen Needed**—In addition to thousands of workers, operators of businesses are sought for Richland—a brand-new city near Pasco. There are 4,000 government-built homes to house workers to be employed on the war project, and the new community requires many operators of barber shops, groceries, drugstores, and other businesses.

But workers are the pressing need; so urgent, in fact, that some time ago Joseph D. Keenan, vice-chairman of the War Production Board, at the request of the War Dept., appealed to A.F.L.'s building and construction trades department for help. This brought William Green, A.F.L. president, into action with a written appeal to building trades councils in various cities.

• **Big Turnover**—With the aid of all parties, including the War Manpower

Commission and United States Employment Service offices, hundreds of workers have been obtained, but the turnover is terrific. Many dislike Richland's desert-like surroundings, its hot climate, as well as its shortage of facilities.

USES and WMC, however, keep plugging away: "Transportation advanced. Attractive scale of wages; 54-59 hours per week. Immediate living facilities available for employed persons only."

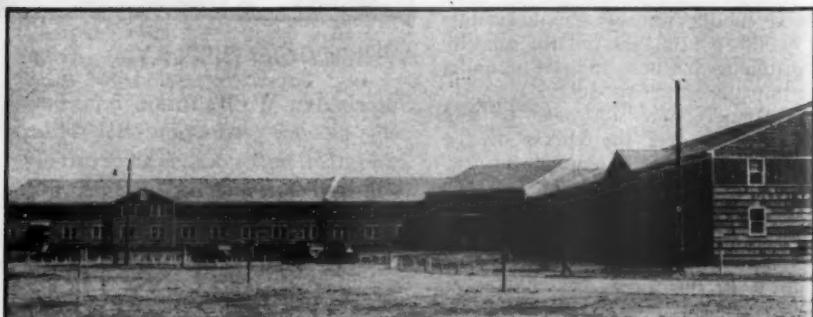
• **Can't Tell Much**—Recruiters have another problem, too. Because of the type of the war project, they are prohibited from telling the prospective worker what the plant is. If he is a carpenter, he learns that he'll do carpenter work at a top wage but that is all he knows.

USES gets many complaints from its recruiters. They say that they just can't compete with agents for Henry J. Kaiser who are continually on the prowl look-



**Boomtown of the Northwest is Richland, Wash., a war project city of 15,000 slated for another population boost if manpower can be recruited—and made to stay put. A sleepy hamlet a year ago, Richland now has 4,000 homes, many of them "prefabs" (above left) brought in by rail. And the section built first (above right) shows the improvement of age—green**

lawns. There's also a 114-room hotel (below) with all the services of a resort hotel but no name except "transient quarters." Despite the crying need for stores, Victor Nelson (left), and his general store partner, C. J. Dam, want to quit. Their little emporium is bursting its seams with customers—and that's the trouble. There's just too much business.



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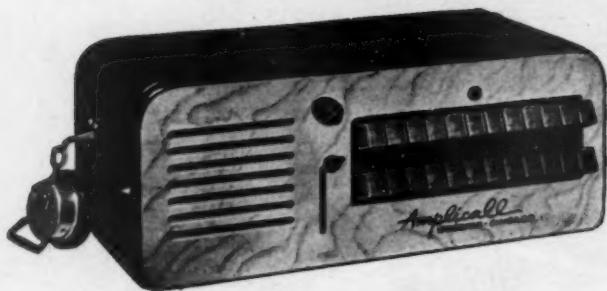
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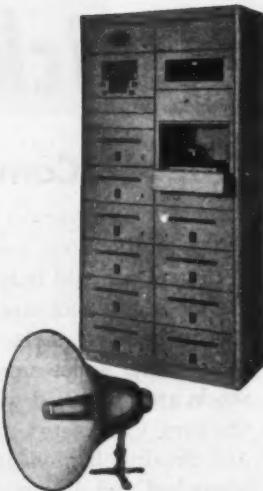
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**Rauland**

RADIO . . . RADAR . . . SOUND . . . COMMUNICATIONS  
Rauland employees are still investing 10% of their salaries in War Bonds  
The Rauland Corporation . . . Chicago 41, Illinois

ing for idle workers throughout the country.

• "Official" Description — Richland is trying to provide accommodations for all kinds of workers. Its size and the nearby war project were perhaps best revealed by Rep. Homer D. Angell of Oregon. In pleading for an increased appropriation for the Bonneville Power Administration, he said (Congressional Record—Apr. 27, 1944, page 3815):

"By the time this estimate reaches the Senate, the so-called mystery load will go into operation. I have designated it the 'mystery load' as military secrecy prohibits any detailed discussion. I think I can say with propriety that it represents a new weapon of warfare, developed by new manufacturing processes that will turn large volumes of electricity into the most important projectile yet developed. Purposely, so I understand, all reference to this load was deleted from the hearings. From my own knowledge I estimate that it will consume more power than presently used in the environs of Portland (Ore.), representing a population of around half million."

## Lard to Be Short?

Packers fear farmers are cutting herds of hogs and weights too far to insure an adequate supply next spring.

Meat packers cheered the June 1 government figure which disclosed that total lard stocks had decreased from the previous month's 498,000,000 lb., largest on record.

• Untitled Inventories—Present stocks are substantially higher than for the same season a few years ago when the industry was worried about surpluses and about demand diminished by the aggressive promotion of such vegetable shortenings as Crisco and Spry (BW—Apr. 8 '39, p26). And the industry is sure that official figures today are far below actual facts, since it is guessed that huge quantities of lard are stored in unconventional places that the official counters never tally, including such unlikely spots as brewery vats.

The principal difficulty today is not lack of customers, but rather lack of storage space. Of 489,000,000 lb. of lard and rendered pork fat on hand June 1, the government owned 358,000,000 lb., or 72%; a year earlier, of 166,000,000 lb., the government owned 95,000,000 lb., or 57%.

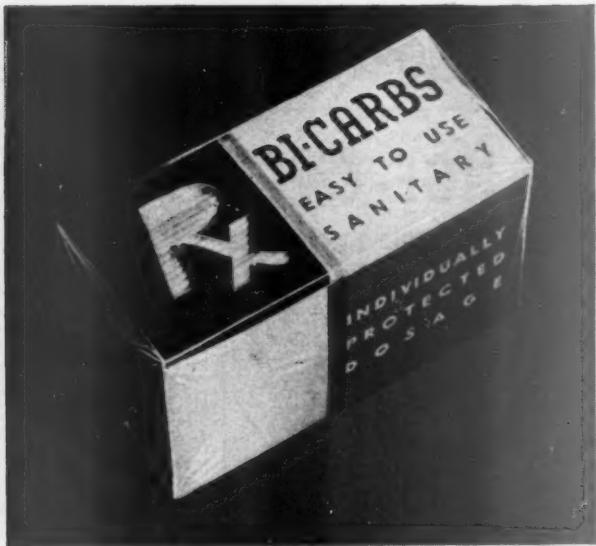
When the government buys lard, it is generally prompt in getting the product off the seller's premises, releasing the

Idea  
Corner  
for Postwar Package Planners

**EGGS GO MODERN...**  
**MEDICINE THAT'S EASY TO TAKE...**  
**LOOK! THEY'RE NYLONS...**



**IDEA NO. 1** A hen turns out a good package through her own efforts. But see how these dehydrated eggs are packaged. This unit spells convenience to the housewife—plus eye- and buy-appeal.



**IDEA NO. 2** Here the idea is to measure out individual doses at the factory—assemble them in a *visible* package that instantly shows ease of use. The *right* package can be a good sales tonic.

**Basic Themes of Postwar Merchandising**

Here are six fundamentals that will help to lower postwar distribution costs and speed up turnover. Use them to check *your* postwar package plans.

1. **SELF-SERVICE:** Emphasis on self-selection and display value.
2. **CONVENIENCE:** Size, shape, quantity, ease of use are predominant factors.
3. **INFORMATIVE LABELING:** Need for concise information, terse selling message.
4. **IMPULSE BUYING:** A high percentage of all buying done on impulse.
5. **PROTECTION:** Adequate protection geared to rapid turnover.
6. **VISIBILITY:** 85% of all buying done through the eyes. Visibility of primary importance in the package of the future.

Would you like to see more postwar packaging ideas? Just write: E. I. du Pont de Nemours & Co. (Inc.), Cellophane Division, Wilmington, Del.



**IDEA NO. 3.** Here's a package that lets the customer see what she's getting—and saves loss through damage from inquisitive hands. The purse-fitting size says, "You can take it with you!"

**Du Pont  
Cellophane**

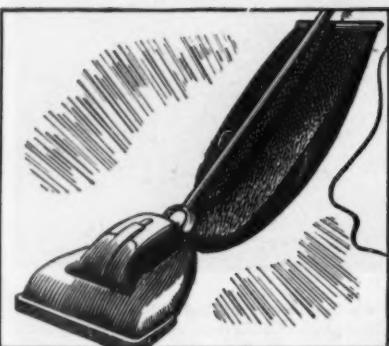


**Better Things for Better Living . . . Through Chemistry**

**VISIBILITY... a powerful force in modern merchandising**



## CHANGE-OVER from war to peace activities



### and how banks can help

Bank credit helped industry to change from peace to war. Similarly, it will help as industry turns again to peacetime activities. For many business men and factory owners, bank loans will make the transition easier.

Loans for re-tooling and the purchase of new equipment. Loans for plant expansion. Loans to obtain raw materials for fabrication into civilian goods.

Loans to modernize offices and stores.

Personal loans to meet the needs of individuals.

Commercial banks are ready for these new opportunities of service.

**BANK of the  
MANHATTAN  
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NEW YORK  
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packer's own refrigerated space for other uses.

• **Shipping Space Scarce**—Lend-lease published figures on shipments, and stocks of all goods are kept intentionally hard to pin down. But it is no secret that overseas shipments of lard (and of every other item which could be dispensed with) dwindled as ships were diverted to preinvasion necessities.

This explanation checks with the official figure for Jan. 1, total stocks: 162,000,000 lb., which was not far out of line with seasonal averages. This tripled in four months. Government monthly purchases fell sharply in this period, from 160,000,000 lb. in February to 58,000,000 lb. in April. Also, federal purchases of fatbacks and other fat cuts were sharply curtailed, and most of the unsold tonnage went into the rendering tanks to swell lard statistics.

• **Lard Into Soap**—Use of fats and oils is allocated by the War Food Administration. In recent months WFA has permitted the use of substantial quantities of lard and rendered pork fat for making soap.

Also, for 45 days starting June 15, export of lard to the Caribbean area under general license is permitted by WFA and the Foreign Economic Administration. The industry has been urging this upon Washington for a long while.

As OPA and WFA lifted restrictions and point values for home and industrial use, lard stocks have been moving more rapidly into consumption. Civilian consumption is estimated by the Dept. of Agriculture for 1944 as 15.2 lb. per capita, as contrasted with 14.5 lb. for 1943 and 10.9 lb. for the five-year average.

Lard prices have not maintained high enough levels to please packers, who have to pay government-support floor price for most hogs. OPA wholesale ceiling on loose lard is \$12.80 per cwt. But a few weeks ago federal agencies dropped their buying price to \$12, and the domestic market promptly dropped in step. Soapers are guessed to be paying no more than \$11.

• **More Hogs, More Lard**—At the base of the lard glut is the huge hog slaughter, which in May, under federal inspection, exceeded 6,600,000 head, 24% above a year ago and 92% above the ten-year average. The first half of June averaged 1,500,000 head weekly, with total expectation for the month 6,200,000 head, 10% above a year ago and 85% above the ten-year average. The volume of lard production every month since last fall has been tremendous.

Moreover, hogs in the early months of the big run to market were far heavier than usual, with the increase principally in lard. This is no longer the

situation. Shortage of feed, plus official pressure for lighter feeding, have cut average hog weights.

• **Lower Weights Expected**—The average thus far in 1944 has been between 10 lb. and 15 lb. lighter than a year ago, and about 5 lb. less than the long-term average. The industry expects that hog weights for the rest of the season will remain below a year ago and perhaps below the ten-year average.

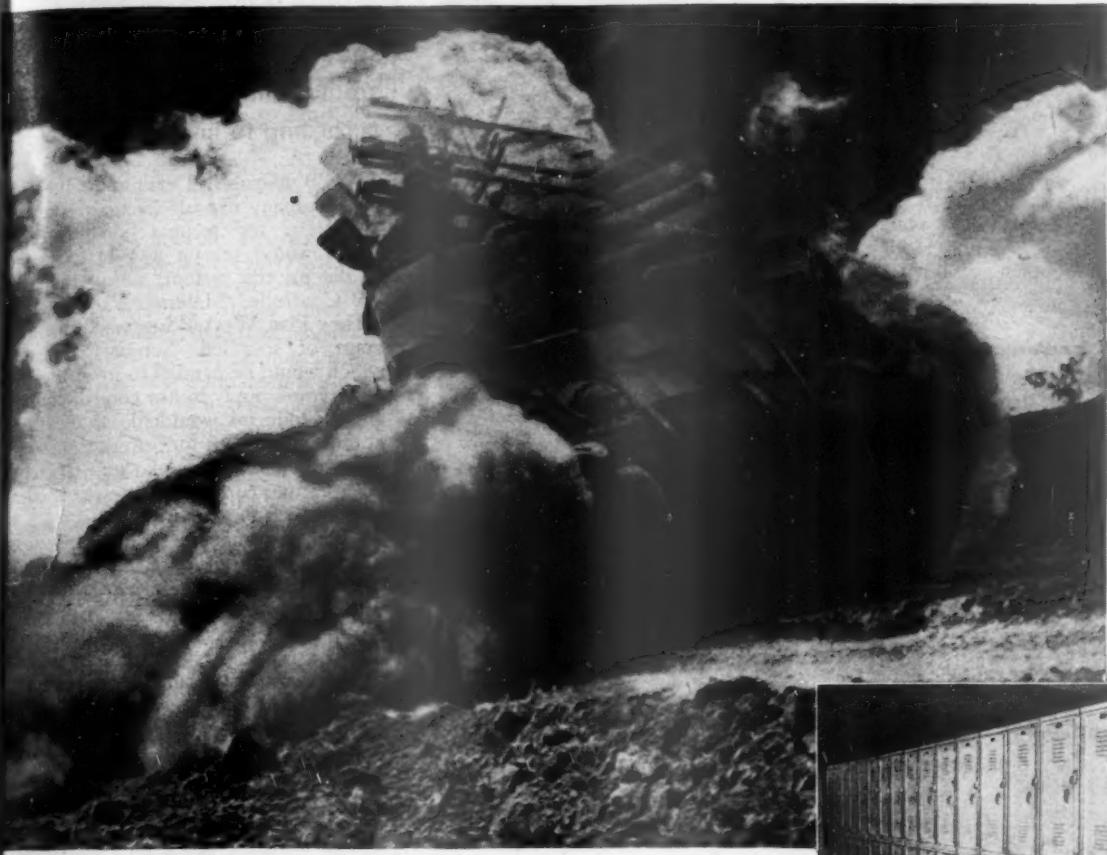
Unofficial surveys in Corn Belt states indicate a decrease from 1943 of 20% to 23% in spring pigs saved. The decrease in sows farrowed was about 18%. Meat packers, despite their current oversupplies of hogs, lard, and other products, now have another worry. They fear that farmers may be going too far in cutting herds and weights. They wonder whether, between now and next spring, industry hoghouses may not find themselves running at less than the rate required to meet normal civilian consumption.



### FOR FOOD AND MORALE

Challenging the rank growth of tropical flora, a stand of sweet corn in a Gaudalcanal military victory garden (above) attests the ability of North American vegetables to flourish in hot climates. Fed U.S. commercial plant foods (BW-Jun.10'44,p38), similar gardens throughout the Southwest Pacific are expected to bolster food supplies this year with 150,000 tons of produce valued at \$11,000,000, and also boost morale by giving comparatively idle garrisons work to do and corn on the cob to eat.

Making strong the things that make America strong



## Supporting a Tank's Attacks... Speeding a Locker's Schedule



ITS ROARING GUNS . . . its quick starts and sudden stops . . . its steep climbs and thudding drops . . . all combine to give a tank a beating no other vehicle is asked to take. Its bolts and nuts must be made of rugged stuff . . . tough metal, strong heads, sturdy threads . . . subjected to scrupulous inspection.

A locker leads a lazy life in use . . . but sluggishness on the assembly line can throw its production schedule out of gear. Here, bolts and nuts must be accurately-dimensioned and clean-threaded for quick get-away and speedy run-on.

Maximum resistance to every strain

your product must stand . . . top assembly speed that guards against bottlenecks and mounting costs: these are built into every RB&W EMPIRE fastener.

For 99 years, constantly improved strength, accuracy and finish of RB&W products have resulted from continuous research and progress. Starting with RB&W's development of the first automatic cold-header, this progress has been sustained by great investments in the most modern manufacturing equipment and methods of quality control.

R B & W's proved ability to put the ideal combination of strength, accuracy and

finish into fasteners explains why the RB&W EMPIRE brand is so generally specified in the best farm implements, automobiles and aircraft; by railroad and construction engineers; in power and transmission equipment; and by general industry . . . and why RB&W products can help you make your products stronger and faster.

## RB&W

Russell, Burdsall & Ward Bolt and Nut Company.  
Factories at: Port Chester, N. Y., Coraopolis, Pa., Rock  
Falls, Ill. Sales offices at: Philadelphia, Detroit, Chicago,  
Chattanooga, Los Angeles, Portland, Seattle.

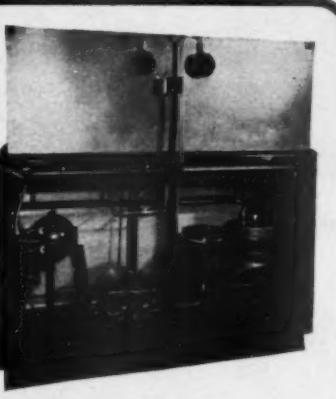
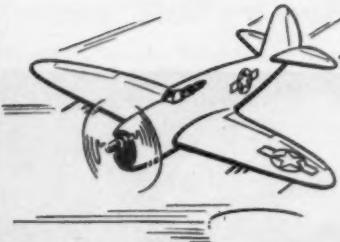




Photos courtesy of Accmatool Co., Inc.

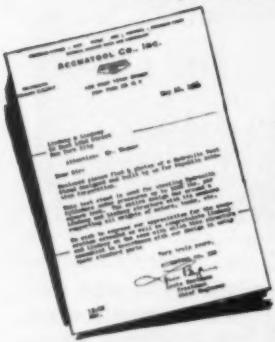
Above: Machine for testing hydraulic cylinders. Built by Accmatool, housed in Ls.

At right: Back view of test stand, showing how heavy motors, tank compressors, etc., are supported by Ls framing and panels.



## "CONGRATULATIONS ON THE EASE WITH WHICH Ls IS ASSEMBLED,"

say makers of this test equipment for aircraft hydraulic cylinders



Lindsay Structure method of assembly. Ls can be disassembled and reassembled without loss of strength.

This Lindsay Structure housing for a hydraulic cylinder testing machine built for the Republic Aviation Corporation by the Accmatool Company, Inc., utilizes the amazingly high Ls strength-weight ratio to good advantage. According to Louis Bentzman, President of Accmatool, the test stand tanks and motors, large and powerful enough to produce pressures up to 3000 pounds per square inch, are easily supported by the Ls panels around which the entire design of the unit was built.

The Ls method of light steel construction utilizes all the strength in light steel sheets through uniform tensioning. Cabinets and housings of Ls resist racking and vibration, possess the rigidity that protects delicate mechanisms.

Available die-formed to any required size and shape, Ls housings are quickly assembled without welding, riveting, trimming, or use of special tools. Investigate today—for immediate service on your pilot jobs, send blueprints to **Lindsay and Lindsay, 222 W. Adams St., Chicago 6, Ill.; or to 60 E. 42nd St., New York 17, N. Y.**

# LINDSAY

**L** STRUCTURE

U. S. Patents 2017629, 2263510, 2263511  
U. S. and Foreign Patents and Patents Pending

200-4-5 PALE GOLD

IT STRETCHES STEEL

## Idea for V-Day

Program suggested for speeding reconversion plans would rate civilian products according to importance.

WPB officials in Detroit and automotive company executives are discussing a pattern for reconversion planning which would set up a V-Day version of the priority system, and perhaps of the Controlled Materials Plan as well.

- **How Plan Works**—Suggested is a program of so-called "junior priorities" which would be parallel to priority rules as they now apply to war goods. Civilian goods producers would file applications at once with WPB for priorities on their peacetime products and would then be given ratings corresponding with the importance of the products.

Washing machines, for instance, would rate ahead of cocktail shakers. These ratings would be filed with suppliers.

- **Would Be Speedy**—Whenever a go-ahead is given to civilian goods production, the priorities at the top of the list would take precedence, and manufacturers in those classifications would simply start the wheels turning by wiring releases to their suppliers and subcontractors covering the orders, priorities, and ratings already filed.

The resultant quick start on civilian goods production would not be the only advantage, in the opinion of proponents of the plan. The placement of the orders with the suppliers would give them a concrete idea of how much they would be called on to produce and in what classifications.

- **Aid to Planning**—These suppliers could then begin to plan for their production equipment. One proposal made in connection with the plan would have the suppliers order needed equipment and store it, pending release of manufacturing orders, with the government lending money to cover cost of the idle equipment, and paying entirely for storage of it.

The plan is definitely only in the talking stage now. Supposedly it is entirely the concept of officials of the WPB automotive branch, but it was considered by some Detroiters as a possible trial balloon released from higher quarters in WPB. Initial reaction from the automobile people is favorable.

- **OCR Makes Studies**—Presumably, surveys being made by the Office of Civilian Requirements throughout the country would serve as the basis for determining the priorities on classes of finished goods.

## Guayule Upheld

Government's program in California will be continued despite claim that shrub isn't needed for rubber output.

When the House of Representatives recently reversed its previous stand and voted to continue the much criticized \$30,000,000 guayule program in California (BW-Feb. 26 '44, p. 41), the way was cleared for continued growing and processing of the rubber shrub with \$5,420,000 for the next fiscal year. Provided for by the appropriation are further research, construction of a new processing mill near Bakersfield, Calif., and continued cultivation.

• **Chief Defender**—To the last, members of the House Appropriations Committee fought to kill the project.

Chief warrior in the last ditch battle against those who claim that experimental guayule is an unnecessary expense "when the need for rubber in this country is diminishing as the result of a highly successful synthetic program" was Rep. W. R. Poage of Texas.

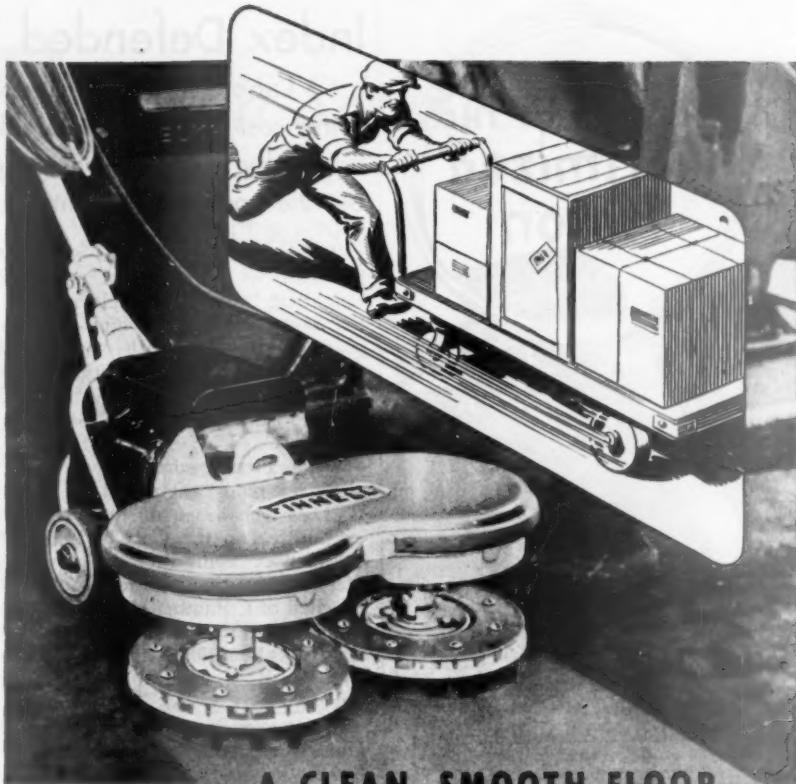
As chairman of a special investigating committee, he expressed faith that guayule can compete successfully with both imported and synthetics in price and quality, that the present program may be the mainspring of a new wealth-producing industry in western deserts.

• **Farm Viewpoint**—Guayule farmers favored continued government experiment and scientific study, but recommended that processing of the shrub be turned over to private companies, with growing left entirely to farmers.

Salinas (Calif.) growers, some of whom raised 100 acres of guayule as far back as 1930, claimed that—given support that would eliminate price wars—the American farmer will take over the guayule program and raise natural rubber at a lower cost than is possible under government control. They emphasized, in reply to criticism of the cost of the project, that it is wrong to charge the entire cost of any kind of farm program against the first crop produced.

• **Ask Price Guarantee**—They further urged a guaranteed price of 34¢ a lb. (the price paid to Mexican growers) in order to stimulate a lower-cost private production of the plant. It was contended the price could be reduced to 20¢ a lb. in normal postwar times.

Average cost of rubber from guayule planted two years ago now is about \$2 a lb. However, in two more years the same plants will have a sufficiently high rubber content to bring production cost down to about 53¢ a lb.



A CLEAN, SMOOTH FLOOR

## Speeds Trucking

... and faster trucking speeds production. So it behooves wartime management to observe correct methods of maintenance for all floors, and especially for floors that become grease-caked. Irregular, slippery surfaces not only slow up transportation of vital materials within the plant, but imperil worker safety and are a fire hazard as well.

The way to clean grease-caked floors in least man-hours is with a *Finnell 84-XR Industrial Dry Scrubber*. Its two powerful scarifying brushes dig out embedded dirt, oil, grease, and shavings in one-tenth the time required when hand-spudding, and with far less effort! And the *Finnell 84-XR* requires no time out for changing the brushes in order to re-sharpen them. A flip of the switch reverses the motion of the brushes and automatically re-sharpens them. The machine can be adapted to wet-scrubbing, steel-wooling, waxing, and polishing.

For free floor survey or literature, phone or write nearest *Finnell* branch or *Finnell System, Inc.*, 3807A East Street, Elkhart, Indiana. Canadian Office: Ottawa, Ontario.

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FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES  
IN ALL  
PRINCIPAL  
CITIES



## THE CASE OF THE Victimized Piston

**the Crime!** Piston and Piston Ring  
Life cut short; oil pumping and blowby;  
scored cylinder walls.

**the Clues!** Clue 1. Frozen top ring!  
Clue 2. Clogged oil ring! Clue 3. Vertical  
wear lines! Clue 4. Carbon and sludge  
deposits on side of piston walls.

**the Culprit!** Like thousands of  
others, this piston is the victim of con-  
taminated oil! Culprits are dirt, abrasives,  
carbon, sludge, engine varnish, etc.

**the Solution!** Keep the cul-  
prits out of the oil by Cleansing the Oil.  
Straining and filtering will take out some  
of the culprits. Oil Cleansing with a DeLuxe  
Filter will prevent the formation of such  
contaminants as sludge and engine varnish  
by removing the asphaltene before they  
can combine to form such substances!

**the Big Story!** Back of the  
widespread adoption of DeLuxe Filters  
among Engine and Truck Builders,  
Transport and Marine Operators,  
and Manufacturing Companies is to  
be found in Exclusive filtration prin-  
ciples embodied in the DeLuxe Filter,  
heart of which is the cartridge with  
the supporting spring and cone. Write  
for FREE BOOKLET and details on  
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oil cleansing filters for your own car.

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OIL FILTER**

MORE THAN STRAIN OR FILTER OIL  
ACTUALLY CLEANSES OIL

Also manufacturers of Cast Iron Plates  
of special lightweight design; standard  
equipment with over forty manufacturers.

## Index Defended

Labor statistics bureau  
living cost figures are largely  
upheld by academic committee,  
but the controversy continues.

There is still no end of reports on  
the cost of living. Last week, the  
weightiest thus far was released. It is  
the latest of many which have ap-  
peared in the six months since the ac-  
curacy of government statistics was offi-  
cially recognized as an issue in labor's  
fight to smash the Little Steel wage  
formula.

• **Major Predecessors**—The new docu-  
ment is a report submitted to William  
H. Davis, chairman of the President's  
Committee on the Cost of Living, by  
an advisory committee he appointed  
Mar. 1 consisting of Prof. Wesley C.  
Mitchell of Columbia University, chair-  
man; Prof. Simon Kuznets of the Uni-  
versity of Pennsylvania; and Dr. Mar-  
garet C. Reid of the Bureau of the  
Budget.

Major previous reports were the  
Thomas-Meany labor brief claiming a  
43.5% increase in living costs since  
January, 1941 (BW—Feb. 5 '44, p94), and the  
Bureau of Labor Statistics' report in  
defense of its 23.4% figure (BW—  
Mar. 11 '44, p34).

• **C.I.O. Reiterates Stand**—This week  
the C.I.O. returned to the attack with a  
new report reiterating labor's estimates,  
which it claimed are "not in conflict  
with the conclusions reached in the re-  
port by Dr. Mitchell and his associates."

Next week, a new committee of labor,  
industry, and government members is

likely to attempt to reconcile the re-  
ports already outstanding.

The 165-page Mitchell report finds  
that in order to "compare changes in  
wage rates with retail price changes,"  
the BLS index should not properly  
"undertake to cover all of the factors  
affecting changes in total expenditures  
for living," and concludes that "the  
BLS has done a competent job."

• **Small Error**—However, taking into ac-  
count some of the criticisms why BLS  
figures may be too low, and in the spirit  
that "because we are convinced that  
some estimates . . . are much too high,  
we are willing to contribute our guess,"  
the report goes on to say that the BLS  
"index would probably not be higher  
than it is now by more than three to  
five points" if several refinements had  
been possible in the index.

• **Objections Trivial**—In detailed, work-  
manlike fashion, the report estimates  
how trivial are several of labor's specific  
complaints. It also rounds out a sta-  
tistical exposition of why price, sales,  
and production data often do not agree.  
And it asserts that deterioration in  
quality which does not require pur-  
chases of increased quantities is among  
the "real costs" of the war, for which  
all families must sacrifice.

• **Findings Reflected**—The Mitchell  
committee's findings have already been  
reflected in BLS' monthly announce-  
ment on living costs for May, which  
now notes that the index is a measure  
of retail price changes for urban work-  
ers (not a cost-of-living index), which  
fails to reflect fully quality deteriora-  
tion and disappearance of low-end  
lines. As a result of the Mitchell re-  
port, use of the BLS index in the Little  
Steel formula is, if anything, strength-  
ened.

## What's Happening to the Cost of Living

	Food	Clothing	Rent	Fuel, Ice, & Elec- tricity	House Furnishings	Misc.	Total Cost of Living
August, 1939 . . . . .	93.5	100.3	104.3	97.5	100.6	100.4	98.6
January, 1941* . . . . .	97.8	100.7	105.0	100.8	100.1	101.9	100.8
May . . . . .	102.1	102.8	105.7	101.1	103.2	102.5	102.9
May, 1942 . . . . .	121.6	126.2	109.9	104.9	122.2	110.9	116.0
May, 1943 . . . . .	143.0	127.9	108.0	107.6	125.1	115.3	125.1
June . . . . .	141.9	127.9	108.0	107.7	125.4	115.7	124.8
July . . . . .	139.0	129.1	108.0	107.6	125.6	116.1	123.9
August . . . . .	137.2	129.6	108.0	107.6	125.9	116.5	123.4
September . . . . .	137.4	132.5	108.0	107.6	126.3	117.0	123.9
October . . . . .	138.2	133.3	108.0	107.8	126.7	117.6	124.4
November . . . . .	137.3	133.5	108.0	107.9	126.9	117.7	124.2
December . . . . .	137.1	134.6	108.1	109.4	127.9	118.1	124.4
January, 1944 . . . . .	136.1	134.7	108.1	109.5	128.3	118.4	124.2
February . . . . .	134.5	135.2	108.1	110.3	128.7	118.7	123.8
March . . . . .	134.1	136.7	108.1	109.9	129.0	119.1	123.8
April . . . . .	134.6	136.9	108.1	109.9	133.0	120.7	124.5
May . . . . .	135.5	137.0	108.1	109.8	134.5	121.0	125.0

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

\* Base month of NWLB's "Little Steel" formula.

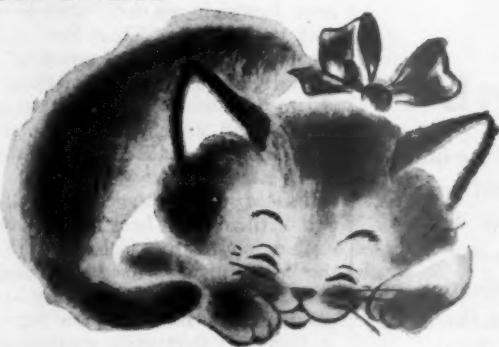
# The ABC's of a Stronger Rayon

## FIBER



This is a fiber. It is the fundamental unit for making textile yarns and fabrics. The better the fiber, the better the fabric. Rayon fibers, being man-made, like airplanes and automobiles, are constantly being improved. Although the improvements may not be dramatically apparent in the finished fabric, each year rayon fibers are better than those of the preceding year.

## SOFTNESS



Because of this new higher strength, it is now commercially possible to spin rayon fibers and yarns far finer in diameter than has ever before been practical. The more fibers per yarn, the softer the fabric. As a result, fabrics of the same weight will be softer and stronger than they are now. And sheerer fabrics will be comparable in strength to heavier present-day materials.

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Producer of CROWN\* Rayon Yarns and Staple Fibers

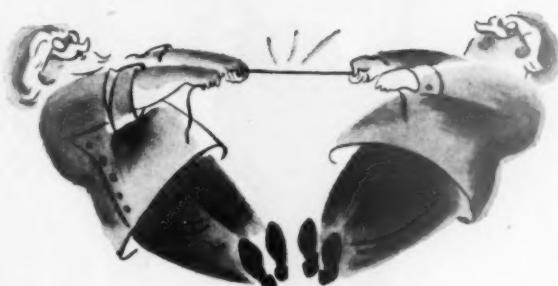
Sales Offices: 350 Fifth Avenue, New York 1; Providence, R. I.; Charlotte, N. C.; Philadelphia, Pa.

Plants at: Marcus Hook, Pa.; Roanoke, Va.; Parkersburg, W. Va.; Lewistown, Pa.; Meadville, Pa.; Nitro, W. Va.; Front Royal, Va.

★ BUY UNITED STATES WAR BONDS AND STAMPS ★

\*Reg. U. S. Pat. Off.

## STRENGTH



One of the constant aims in improving the fiber is to increase its strength. If a fiber could be given enough strength, it could be so fine as to be invisible to the naked eye. Through its continuous research program, American Viscose Corporation has constantly increased rayon fiber strength. Today, the new CROWN rayon fibers are almost twice as strong as they were five years ago.

## FABRIC



This new higher-strength rayon fiber will mean much better wearing apparel. But don't expect an immediate and drastic change in rayon fabrics, as it takes time to put these improvements into effect. This is another milestone, and a highly important one—in the trend to softer, finer, stronger fabrics through rayon research. American Viscose Corporation is proud of its role in this development.



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to buy  
Rayon Fabrics*

This identification is awarded only to fabrics containing CROWN rayon, after they have passed the CROWN Tests for serviceability.



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**FIRST PRIZE** for speeding production goes to SPEEDI-DRI—the quick-acting oil- and grease-absorbent that puts a sure, slip-proof footing under employees who have to work around machines that drip oil and grease onto the floor. Sure-footed workers move faster when the danger of slipping is eliminated by SPEEDI-DRI. Application of this light-reflecting, granular material will not only absorb the daily oil deposits but will soon draw the old accumulations of oil and grease from the floors. SPEEDI-DRI also retards fire, saves shoes from oil-rot, helps prevent industrial skin-diseases, reduces porter-labor, improves morale, brightens the plant, cuts insurance costs. Write for literature and FREE SAMPLE.

**SUPPLIERS:** East—Refiners Lubricating Co., New York 1, New York.  
 Midwest & South—Waverly Petroleum Products Co., Philadelphia 6, Pa.  
 West Coast—Waverly Petroleum Products Co., Russ Bldg., San Francisco 4, Calif.

**SPEEDI-DRI**  
 OIL AND GREASE ABSORBENT



### Spuds Diverted

"Biggest part of surplus destined for alcohol went to feed livestock. Beet mills to keep eye on dehydration."

Several government agencies made elaborate plans last spring to dry large quantities of industrial alcohol from the huge potato surplus (BW Mar. 25 '44, p64). It was estimated that up to 30,000,000 bu. might be utilized after being dehydrated by sugar beet factories that were seasonally idle.

- **Falls Far Short**—But the production potential, it now appears, was considerably exaggerated. The Commodity Credit Corp. reports that through June 7 a total of 8,115,373 bu. had been shipped to the beet mills, and that 7,953,000 bu. had been dried. But only 1,140,579 bu. have been processed as being dehydrated. WPB estimates that only 300,000 gal. of alcohol have been distilled.

The distilleries haven't used all the dehydrated potatoes they received because they finally got enough grain to keep them busy. Apparently the bulk of the dehydrated potatoes is still at the distilleries waiting to be used or has been diverted to livestock feed.

- **Production Troubles**—Some of the beet factories ran into complications with the potatoes. Chief troubles were the lack of technical "know-how" and the fact that some shipments were wet to process. New problems of waste disposal and stream pollution were created at several plants processing surplus potatoes.

Twelve dehydrating plants—all but two of them sugar beet factories—began working on potatoes in March. Most of the beet mills now have completed potato dehydration work, for they have to get ready for beet program beginning in October. Beet mills customarily require several months for preparation to operate.

- **A Simple Process**—Dehydration of potatoes is comparatively new in the United States, although it has been done for some time in Europe.

The process is quite simple. It consists of slicing the unskinned potato into thin strips, then evaporating them in heated, rotary drums. The equipment needed for the job was already installed in beet sugar factories, where mechanical slicers and driers are normally used in the process of making sugar and dried beet pulp.

Some officials of the Dept. of Agriculture think, or at least hope, that it might be possible to continue dehydrating

ing surplus potatoes after the war and thereby bring about a stabilization of income to the potato growers. Much will depend, however, on obtaining the potatoes at a cost low enough to permit competition with other types of cattle feed.

• **Mills Like the Idea**—Sugar beet mills are interested in the possibilities for the idea offers a chance to prolong their operations. Usually, the factories start their sugar beet runs in October and early November, and continue for from 90 to 100 days. If they could switch over to the dehydration of potatoes upon completion of the sugar beet run, as was done this spring, the longer operations would help reduce overhead.

## State Seeks Oil

**North Carolina approves leases for exploratory drilling in state-owned area. Shortage of rigs curtails program.**

North Carolina covets one more star for its crown of natural wealth. It wants to produce oil. Although no exploratory drilling has been done in the state within recent years, this year's flurry of southeastern oil activity has awakened hopes for a discovery well.

• **Drillers Get Leases**—Approximately 2,000,000 acres of state-owned North Carolina land (3,123 sq. mi.), including lake and river bottoms, sounds, and swamps, have been leased for the rankest kind of wildcat drilling.

Standard Oil Co. (N. J.) has drilling rights in about half this area; the other half is leased to Coastal Claims Co., which represents North Carolina capital.

For each well drilled, up to a maximum of ten, the oil company gets a lease on 75,000 acres within its prescribed area, on condition that drilling begin not later than Dec. 15, 1945. The state's share of the income is limited to the landowner's customary one-eighth royalty on any production.

• **Shortage of Rigs**—The lessees' main difficulty will be to get drill rigs. Some oil men say that about 50% more wells would be drilled than are under way at present if drilling equipment and pipe were available.

Humble Oil Co. (a Jersey Standard Oil subsidiary) is producing from Florida's first oil well near Sunniland, but efforts to extend the discovery into a pool or field have been disappointing. West Coast Florida resort areas, meanwhile, have been protesting the proposals of John Allen, Tampa independent oil lease operator, Arnold Explora-



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**WRITE FOR BULLETIN G-812**

**BUY WAR BONDS AND MAKE THE AXIS BITE THE DUST**

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**4 DEVELOPMENTS FOR BOOSTING U.S. FOOD OUTPUT!**

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An A-C development that stepped up the speed of farming, increased the farmer's work capacity, and reduced his production costs.



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Enables one man to cut and thresh over 100 different crops at low cost. Does away with big threshing crews—saves time and manpower.



## NEW ONE-MAN CORNPICKER

Completely automatic. Does work of 8 to 10 hand pickers. Steps up food-producing capacity, saves manpower on farms of all sizes.

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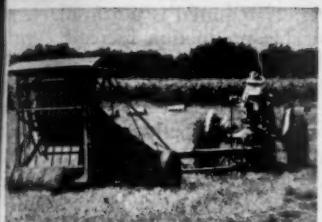


CENTRIFUGAL PUMPS

FLOUR  
MILL E

## VICTORY NEWS

# DOED SAME!



### **COMING** ONE-MAN HAY BALER

Already tested. Ready for post-war production, with companion tools which make possible complete one-man mechanized hay harvest.

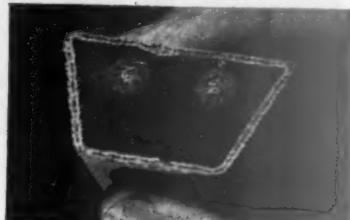
### WHAT'S YOUR PROBLEM?

The farm story told here is typical of Allis-Chalmers help to all industry. Experience gained from producing the world's largest line of major industrial equipment enables Allis-Chalmers to develop new machines, use old ones more efficiently to step up production, save time and money. 1600 A-C products are serving America . . . on the war fronts and in every branch of industry.

**Gas Turbine—Engine of the Future:**  
A sensational new power plant employing high temperature gases as the motive force is in production at Allis-Chalmers.

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A new, heavy-duty V-belt—the A-C Texrope Super-7-Steel—is now ready for heavy-duty applications in your plant.



Developed by Allis-Chalmers in cooperation with B. F. Goodrich, the Super-7-Steel employs endless steel cables to give belt extra horsepower pull—less power-wasting stretch. Sold exclusively by Allis-Chalmers. Consult your nearby A-C office or Texrope dealer.

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Boston Symphony musicians in an outstanding series of summer concerts—featuring light classics and popular numbers. Arthur Fiedler conducting. Over the Blue Network, every Saturday, 8:30—9:30 P.M., (E.W.T.)

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## MORE THE MERRIER

Toting waste paper to work pays off for employees of the Rumford Chemical Works, Rumford, R. I. To add zest to its salvage drive, the management has introduced the element of chance—setting up a lottery of war bonds purchased from the sale of the

waste paper. But it's a rule of the drawing that brings in the paper—a chance ticket for each 25 lb. Within eleven days the scheme netted 31 tons of paper and 29 bonds, and now, with teams whipping up competition, is going stronger than ever. The Associated Industries of Rhode Island is urging other members to try the plan.

tions, Inc., and others to drill wildcat wells in submerged lands in that area. • Drill in Georgia—In Alabama, Hunt Oil Co. of Dallas, Tex., has completed the sixth well in the state's first oil field in Choctaw County (BW-Mar. 18 '44, p73) and in Mississippi, a new Gulf Refining Co. producer is said to have extended the Heidelberg field.

In Georgia, Stanolind Oil Co., an Indiana Standard subsidiary, has started drilling a test well in the southeastern corner of Mitchell County. Hunt Oil Co. is preparing to drill another test in Clinch County.

## DUSTY ANSWER

For the second time, drilling has failed to tap reservoirs of oil which are supposed to lie under Los Angeles. After going down 1,771 ft. in Elysian Park, the Seaboard Oil Co. (BW-Jun. 17 '44, p28) struck granite slate formations that proved the ground to be without any possibility of holding oil.

Nearly a year's debate in the city council had been required before their "duster" got a permit. Several hundred thousand dollars were invested in a soundproof derrick, and drilling went on for three weeks.

heim Co. of Washington, Mo., and the Phoenix-American Pipe Co., Booneville, Mo., produce virtually all of the world supply of corn cob pipes.

The Missouri Meerschaum Co., largest of the producers, is the successor to the Tibbe Mfg. Co., established in 1869 by a Washington (Mo.) turner, who learned of the sweet-smoking properties of a corn cob pipe from nearby farmer. Today this concern alone makes upward of 10,000,000 corn cob pipes a year, employs about 160 persons, has an annual payroll exceeding \$150,000.

• **Deliveries Slower**—In many parts of the globe, primitive natives were smoking Washington cob pipes long before they ever saw an American soldier, tank, or jeep. For years, pipes bearing the familiar label: "A genuine Missouri Meerschaum; made in Washington, Mo.," have found eager buyers along today's war fronts all the way from Alaska to Africa.

While there is no immediate prospect of a shortage of serious proportions, retail tobacconists say corn cob pipe deliveries are getting slower and slower. And the Washington pipe makers, conceding this to be true, point to the fact that 50% of their production is now going overseas; that they are troubled by labor shortages; that suitable corn of the special variety required is not available for any sizable production increase even if the manpower were available.

• **Hard Cob Needed**—Corn cob pipes are made from a specially developed type of corn grown principally in the Missouri River bottoms and, to some extent, in the swampy lands of southeastern Missouri.

Known as Collier's corn, it has a big, flinty-hard cob with shallow-grained white kernels. Cobs must measure at least 1½ in. in diameter, and are bought usually under contract from farmers familiar with the type required.

Bags of 300 used to bring the farmer about \$1.50 but the price today is closer to \$2. Labor costs are also up for the cob-making plants, but retail prices are virtually stationary at 10¢ to 25¢ for a pipe.

• **Floods Cut Supply**—Four consecutive years of floods in the Missouri bottoms have cut down production of Collier's corn, with the result that at least one of the cob pipe plants is making, in addition to its regular line of corn cob smokes, a pipe with a corn cob bowl lining and a composition outer covering.

The familiar bone bits have been largely supplanted by plastic bits in a variety of colors, which the cob pipe makers consider a substantial improvement in their product.

• **Famous Users**—The Washington pipe makers point proudly to the fact that

## Cob Pipes at War

This time it is home front that faces shortage of famed Missouri pipes. Industry fears a change in smoking habits.

War again is bringing a special dilemma to the little town of Washington, Mo., famous the world over as the birthplace and principal source of what many claim to be the sweetest smoke of all—the corn cob pipe.

• **Follow the Troops**—In the last war, a good many corn cob pipe smokers serving overseas changed to cigarettes because cigarettes were plentiful and cob pipes were scarce along the battlefronts.

This time, corn cob pipes by the millions are following our troops around the world, in kits supplied by the Red Cross. But meantime, there's a growing shortage of cob pipes for the home front, and the cob pipe makers worry that civilians may change their smoking habits today as so many soldiers did in the last war.

• **Three Big Makers**—The Missouri Meerschaum Co., the Hirsch & Bend-

many distinguished persons have been confirmed cob pipe smokers, including Gen. John J. Pershing, New York's Mayor LaGuardia, and the late Irvin S. Cobb.

The Hirsch & Bendheim Co. has, in fact, a "toasted and broken-in Irvin S. Cobb corncob," the label on which includes the celebrated humorist's picture.

• **Stems and Basements**—While the corncob pipe is essentially a Missouri product, hard maple from Maine and Weischel wood from Australia have been used from time to time for its stems. Bamboo from Japan in prewar days, and cane from the South, have been extensively used for the "basements" of Washington pipes.

Some types of cob pipes today have metal "plumbing" like that of more expensive pipes; some are given special dark finishes; some are made a bit fancier than others.

• **4,000 Gross for India**—The familiar window display cards to which the cob pipe makers fasten ten or twelve pipes of varying sizes and shapes are growing scarcer in the retail tobacco shops, are likely to become still more so.

But a lot of corncob pipes are going overseas, with the prospect that our soldiers will smoke them or turn them over to native tribesmen. The Missouri Meerschaum Co. alone has shipped more than 2,500,000 corncob pipes overseas, and is working now on an order for more than 4,000 gross for India.

## BOY FRIEND SHORTAGE

The plaint of many girls that there just aren't any eligible men to date these days is borne out by a new Bureau of the Census study which shows that there are only 1,700,000 unmarried men in civilian life today between 20 and 34 years of age, compared with more than 4,000,000 unmarried women in the same age group.

And this is all the more significant when viewed in the light of a normal peacetime year (1940) when unmarried men in the 20-34 age group outnumbered unmarried women by almost 3-to-2.

The study also highlights the war boom in marriages. Between 1940 and 1944, the percentage of married women between 20 and 24 years of age increased from 51% to 58%, between 25 and 34 years of age from 77% to 82%. For all females over 14 years old, the percentage married rose from 59.5% to 62.8%. The unusual nature of this increase is indicated by the fact that in each of the decades 1920-1930 and 1930-1940 the proportion of women who were married changed by only a fraction of 1%.

WHEN YOU'RE SUDDENLY CALLED OUT OF TOWN and you still

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memos, notes and instructions . . . while



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you record both ends of your important telephone calls



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knowing that everything is covered and your staff will

follow through . . . Man Alive, Mr. General Manager,

... that's

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*Electronic Dictation*



The microphone heart of Dictaphone Electronic Dictation is your Control Center for Executive Action. It helps speed ideas into action. Developed before the war, Dictaphone Electronic Dictation has been searchingly tested in Government and key industry offices. It is now available for "essential" uses. Write for your free copy of our new booklet describing this important new business expeditor.



NOTE: Standard Dictaphone dictating machines, without electronic amplification and telephone recording, are currently being produced and offer outstanding value for general office dictation.

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The word DICTAPHONE is the registered trade-mark of Dictaphone Corporation, makers of dictating machines and other sound recording and reproducing equipment bearing said trade-mark.

# PRODUCTION

## Gems by the Peck

**Postwar jewel market may feel the impact of competition from synthetic sapphires and rubies, but industry will gain.**

Synthetic jewel production is a war baby that carries dynamite in one hand for the lapidaries and unpredictable but pleasant possibilities for industry in the other.

Man-made sapphires and rubies may deflate the gem market (other than diamonds) and at the same time provide a new raw material for oil burner orifices, milk sprayer jets, small ball bearings, spinnerets for viscose liquids for fibers, plug gages, and a score of other instruments.

• **Sapphires and Rubies**—Production figures are a military secret, for all the jewel bearings are going into vital chronometers, bomb sights, electrical instruments, and similar war necessities.

Last year, however, WPB let it be known that 1,000,000 carats a month were being used. Before the war the United States imported 30,000,000 jewel bearings annually from Switzerland.

Sapphires are made commercially by the Linde Air Products Co., a unit of Union Carbide & Carbon Corp. Bulova Watch Co. made rubies for a while at Valley Stream, L. I., but ceased when WPB and the War Manpower Commission refused to let it market the stones as gems for ornament.

• **Just as Hard**—Linde is producing white sapphires for about 2½¢ a carat and rubies for about 5¢, a price that worries jewelers and lapidaries when they think of postwar competition with natural stones.

Industry, which pays \$3 a carat for rough diamonds, still finds synthetic sapphires expensive because waste in cutting them into usable shapes averages 75% (BW-Mar.25'44,p69).

Hardness of surface makes sapphires, rubies, corundum (they are all the same stone) important in bearings. Only diamonds are harder. The synthetics are just as hard as natural gems and, perhaps luckily for jewelers, even more perfect except for microscopic gas bubbles which cannot be seen under a jeweler's loupe. This makes them easier to cut for industry and easier to detect in jewelry. Natural stones have more visible imperfections. Both re-

sist chemical and temperature changes equally.

• **The Process**—Synthetic sapphires are made by dusting aluminum oxide powder (pure alumina) into an oxy-hydrogen flame of 2,500C. The fused material is deposited on a fireclay pedestal where it grows into a carrot shape. This is called a "boule" and may weigh as much as 500 carats.

Internal stresses develop in boules during growth, so they are broken vertically in half with pliers to prevent their shattering into odd shapes spontaneously. Each half is then sliced like bread by small gang saws of copper charged with diamond dust. The resulting half moons are sawed into small squares or blanks that are stuck together with honey.

• **Glass Bearings**—Now the blanks are put into a centerless grinder which takes off their corners. Roundels are what's left. These tiny discs are then drilled and polished and mounted in collars of brass, bronze, or steel to make the finished bearing.

The U. S. used 22,000,000 V bearings in 1943, but many of these were glass because jewel-bearing production facilities were not adequate and war has hit Swiss imports. Glass is a satisfactory substitute in instruments whose moving element weighs less than one gram, as in voltmeters and ammeters. Makers of hard glass claim it will do all that sapphires can do and make the point

that the great majority of instrument bearings are glass.

• **Competitive Factor**—In mass production of sapphire boules, rather than direct competition with the low-cost labor, Swiss jewel-bearing industry, rests the hope of continuing the industry after German control of Swiss exports is loosened.

But if bearing manufacturing is done in the U. S., the know-how will be supplied by Adolph Meller Co., Providence, R. I.; Elgin National Watch Co. (BW-Mar.25'44,p69); Max Duraffour at New Rochelle, N. Y.; and the Bulova and Hamilton watch companies.

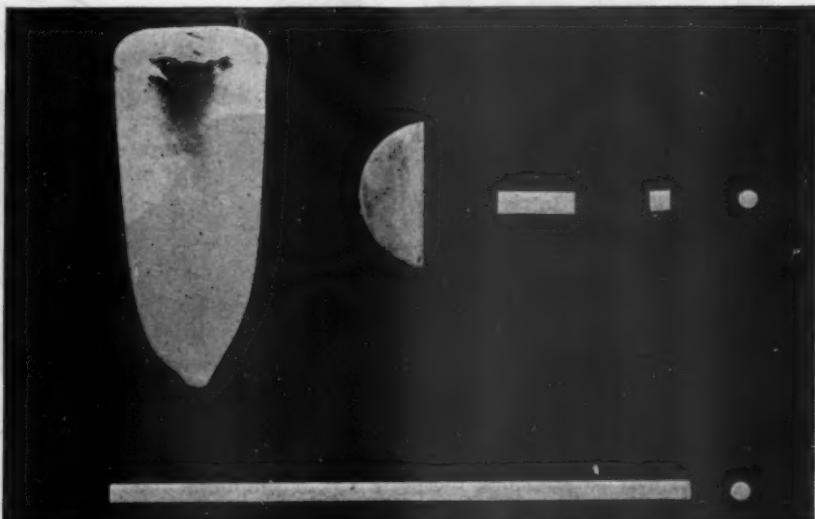
• **Labor Is Chief Cost**—The raw material for white sapphires is iron-free alumina.

Labor costs are a far more important factor than raw material supply, which is why it is also suggested that Puerto Rican lace makers might be taught to cut synthetic gems.

Jewel bearings are being used by General Electric, Westinghouse, Weston, Bendix Aviation, the Kollsman Instrument division of Square D, as well as by Elgin, Hamilton, and Bulova who cut and polish their own.

• **Potential Uses**—New products foreseen now, despite the short time the new material has been in mass production, are scratchproof watch crystals, extrusion dies, machining tools for soft metals, knife edges, nozzles, soft wire dies, insulators for use in gas chambers, master plug gages with an accuracy of 0.00001 in., thread guides for rayon yarns, and pressure vessel windows.

Newest developments that Linde has announced are slim rods of white sapphires.



Under Linde Air Products' new method of producing synthetic sapphires, carrot-shaped boules are giving way to rods. Boules are reduced

to bearing disks by several cutting processes and a grinding (left to right) which waste about 75% of the material. From rods, disks are merely sliced.

# How to use an RCA Phototube to control “ON-OFF” operations

In the course of an industrial plant's normal working day, many "ON-OFF" operations occur that require moving a lever, pressing a button, throwing a switch, or making some other physical adjustment either manually, mechanically, or electrically. Many of these operations can be more efficiently, accurately, and often more economically performed by electronic control through the use of phototubes. Moreover, many additional things can be accomplished that are not possible by any other existing method.

**Electronic Door-Openers.**—An electronic "ON-OFF" control device familiar to many is the automatic door-opener, such as "*The Phantom Doorman*" manufactured by YALE & TOWNE of Stamford, Conn. The magic brain that controls it is the trio of RCA Electron Tubes—a 921 phototube and 2 metal amplifier tubes—as illustrated in the diagram below.

**Other Applications.** This same principle, of automatically "throwing a switch" by means of a device actuated by the interruption of a beam of light, has almost limitless industrial applications. Sorting or grading objects according to their height or width, for example. Or counting —up to as many as 1000 units per minute, and much higher if electronic counting circuits are utilized. Or for totalizing where, for instance, it's important to know exactly how

many items on a production or assembly line were started, completed, and are still in process. Separating objects by color, and counting the number of each. Starting and stopping paint sprayers so paint isn't wasted. Level controlling for bottling or pumping operations. Detecting breaks in continuous paper- or textile-runs and automatically stopping the press or loom when the break occurs. Observing traffic statistics, switching traffic lights, or giving warning by light or bell when a vehicle approaches a hidden corner. And so on *ad infinitum!*

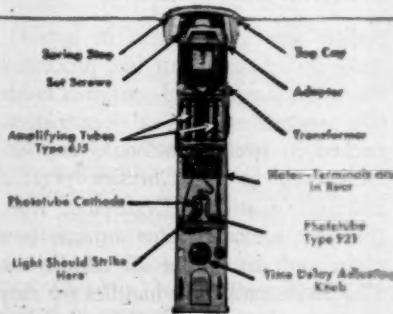
**Have You a Problem?** Whether your particular interest lies in increasing efficiencies or reducing hazards through the use of electronic

door-openers or any other electronic control device, RCA may be able to help you. Why not write to us, stating your problem, so we can refer you to the equipment manufacturer best fitted to serve you? And if you would like our 32-page, illustrated booklet "Electronics in Action at RCA," we will gladly mail you one. Simply write to RCA, Commercial Engineering Section, 636 South 5th St., Harrison, N. J.

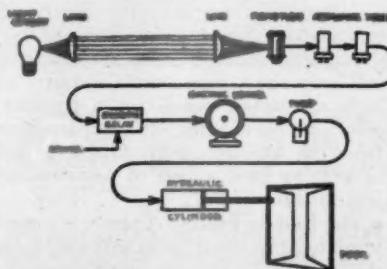
*The Magic Brain of all electronic equipment is a Tube, and the fountain-head of modern Tube development is RCA.*

Listen to "THE MUSIC AMERICA LOVES BEST" on the RCA program every Saturday, 7:30 p.m., E.W.T., Blue Network.

**BUT MORE WAR GAMES**



**YALE & TOWNE's Photo Relay, showing interior construction and positioning of 3 RCA Electron Tubes.**



**Schematic diagram of YALE & TOWNE electronically controlled device for automatically opening a door when an approaching person or vehicle interrupts a beam of light.**



RADIO CORPORATION OF AMERICA

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## IF IT'S A PLUMB PULLER

Any pulling job is likely to be a mean job—unless you use a Puller you can depend on. Expert mechanics throughout war industries like Plumb Pullers because of the better, safer, longer-lasting service they give.

They choose the other service tools in the complete Plumb Line, too—for the same reasons. From tiny screw drivers to mammoth industrial wrenches, all are built to highest quality standards. Select the ones you need for your war job from the Plumb dealer in your neighborhood. — Plumb Tool Co., Los Angeles 54, Calif.



phire or ruby from which jewel bearings can be sliced, achievements European experimenters tried vainly for 40 years to realize. Rods, which can be as long as 30 in., reduce costs and fabricating time for bearings. New too are rods of synthetic spinel (magnesium aluminate), less expensive to fabricate but adequate for many bearing purposes.

## Chicopee's Plans

Cotton manufacturer is launching new ad campaigns, seeking place for "synthetics" in postwar housing field.

Highly optimistic about its peacetime prospects, the Chicopee Mfg. Co. this month began buying advertising space in what for it seemed to be strange media. Traditionally an important factor in the cotton textile business, Chicopee's new promotion program calls for campaigns placed in business papers in the architectural, building contracting, building supply, hardware merchandising, and lumber distribution fields. Plans call for following up this campaign with another one in consumer publications—"as soon as feasible."

• **Postwar Products**—What Chicopee has to sell to the great postwar housing market is Lumite plastic screen cloth which, along with Masslenn nonwoven textile fabrics, is being produced now for war use at the three Chicopee mills. Much of Chicopee's comfortable forecast about its future rests on the fact that its looms will need no conversion to produce what will be essentially new peacetime products.

• **War Goods Now**—Millions of square feet of the tough, corrosion-resistant, nonmetallic screening are being woven to protect the armed forces against insects and insect-borne diseases—production enough, it is believed, to make Chicopee the "largest producer of plastic screen cloth." Millions more yards of the nonwoven fabric are being laid up to act as camouflage material—another kind of protection for the services.

Although there is every likelihood that civilian demands for standard cotton products, long frustrated by the war, will keep the cotton textile industry at high production levels for a comfortably long time after military demands taper off, Chicopee feels that it is just as well to have a pair of nonstandard aces in the hole.

• **The Lumite Process**—Lumite is woven of monofilaments of Saran, extruded from the vinylidene chloride plastic powder manufactured by the Dow Chemical

Co., like practically all competitive plastic screening (Report to Executives, Mar. 4 '44, p47). But Chicopee claims a competitive edge by having found a way to weave screen cloth on standard textile looms which have undergone certain unrevealed alterations. There are 4,650 looms in the company's three mills which are theoretically adaptable to alteration.

• **Quickly Made Masslenn**—Masslenn, which is manufactured under the Goldman patent (BW—Dec. 30 '39, p24), is likewise in a strong competitive position, not because it can be produced on standard looms, but because it requires special equipment which Chicopee already has. Stripped of technicalities, the process for making it calls for laying long, continuous webs of parallel cotton fibers running lengthwise which are held in that position by narrow strips of adhesive, about  $\frac{1}{4}$  in. apart corresponding to the weft in cloth, but vastly quicker to fabricate.

Although the inexpensive material (which might be said to lie midway in construction and application between paper and woven textiles) was originally proposed as a disposable item and had some workout as dental napkins and burial casket lining before its production was practically commandeered as camouflage, it is now being considered by clothing manufacturers as interlinings for suits and other garments.

• **Laundering Eliminated**—Big as the clothing field is, even bigger fields for



## CARTRIDGES IN CANS

Bullets now go overseas in hermetically sealed cans—just like processed foods. The large metal container holds 600 rounds of 45-cal. cartridges, packed in twelve cardboard cartons. Developed in the Chrysler-operated ordnance plant at Evansville, Ind., the new package keeps ammunition clean and dry under all conditions. The 50-lb. cans have handles for easy carrying, keys for quick opening.

glasslin will be sought in its use as disposable table covers, napkins, and window curtains which as throw-aways might be cheaper than standard woven fabrics that require laundering. The few experimental samples of curtains, which have been printed in soft, attractive colors and designs, drape well and appear to have endless possibilities for use both in interior decoration and in store window trimming.

## SILICONES IN PRODUCTION

The lid of military censorship is being lifted just enough this week to permit the Dow Corning Corp., Midland, Mich., to reveal the "first commercial production" of its new "silicones" (BW—Nov. 13 '43, p.66). No details of their composition are being permitted beyond a general description that they are "organosilicon polymers"—in other words, man-made molecules of carbon and silicon.

Physical characteristics of two types of the material are partially disclosed: (1) liquids in a variety of viscosities ranging from liquids as thin as water to those which barely flow at room temperature; some of them "do not freeze at dry-ice temperatures and . . . can be used at temperatures up to 400°F—500°F"; (2) resins in the form of varnishes, and impregnants for "use with glass textiles for electrical insulation or for other purposes where elevated temperatures are apt to be encountered." One resin is reported not to "carbonize or darken when subjected to prolonged heating at the curing temperature" of 482°F.

Dow Corning officials say that "additional organo-silicon products may be expected." Current production is available only "for applications essential to the war effort."

## COLOR FILM FOR CIVILIANS

Ansco color film, which "can be processed by the user in only 90 minutes," became available to civilian photographers for the first time on June 22, just 23 months after Ansco, a division of the General Aniline & Film Corp., Binghamton, N. Y., announced its availability to the armed forces (BW—Jul. 25 '42, p.78).

Distribution will be confined to New York City at the start, but will be "expanded as rapidly as possible." Initial offerings will be confined to two types—16-mm. movie film and sheet film in sizes ranging from 24x34 in. to 11x14 in. Retail prices range from \$4.53 for 50 ft. of movie film to \$3.55 for six sheets of 24x34 in. and \$32.18 for six sheets of 11x14 in., with intermediate sizes priced in proportion.

## ARTERIES OF ATTACK!

ALONG SINEWY STRANDS of wire flow the American arteries of attack! The wrist-thick cables that swing a tank turret into position or portage a jeep across a river . . . the hair-thin wires that keep battle-line communications open or screen combat fuel of stalling impurities . . . the pencil-sized wire reinforcing an air-fighter's life-sustaining oxygen bottle . . .

Wire never won a war. But it does have thousands of important jobs to do . . . little things that make a big difference. That's why our research, testing, total facilities and manpower are devoted to the *single task* of producing the *best wire* of which we are capable. And backed by 100 years of manufacturing "know how" and industry-wide acceptance of our products—we can safely say we produce the kind of wire you want when you say . . .

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# NEW PRODUCTS

## "Nervous Weld Process"

The unusual name of the new Mogul Nervous Weld Process, developed by the Metallizing Co. of America, 1318 W. Congress St., Chicago, is appropriate. An inbuilt vibrator in a "nervous weld



pistol," which comes complete with a special welding machine and connections for compressed air and electric current, pulls and pushes a heated welding rod alternately and rapidly.

Main job of the process is plugging blowholes in aluminum, bronze, gray iron, malleable, and steel castings. Other important jobs too numerous to list include the repair of cracked engine blocks and worn fillets on foundry patterns. You plug the welding machine into practically any single phase, a.c. power line, connect up the pistol, and pull its trigger to advance the welding rod as needed. A low voltage, high amperage current heats the rod and operates the vibrator. Compressed air is said to spray the weld metal into place after the manner of metallizing and to cool the surrounding parent metal so that the casting or part will "at no time . . . reach a temperature of over 125F. . . . The recoil of the vibrator . . . pounds and forges the metal right in with the parent metal structure as it is being built up."

## Doubletone Tracing Vellum

Some while back the Craftint Mfg. Co., 210 St. Clair Ave., N.W., Cleveland, began to save considerable time

for engineering draftsmen and commercial artists by bringing out drawing boards, or papers, which have various types of shading and crosshatching built right into them. Such shading is invisible until developed where desired in drawings by brushing on a special liquid.

Now the company is announcing its new Craftint Doubletone Tracing Vellum, manufactured on similar principles. Tracings are made on it as on standard tracing paper or cloth, using pen or pencil for outlines. When cross-

## THINGS TO COME

Heating homes with hot rocks, one of the most ancient methods known to man, is due for a revival, but with a new twist. Instead of a few stones being warmed in the sun or in open fires, several hundred pounds of them will be housed in a special hot air furnace and really warmed up by electric heating elements. Heat will be stored in the rocks during off peak periods of the day when current is plentiful and cheap, to be given off at other times by radiation, convection, and circulation.

Good as artificial leather is, it promises to be even better in the postwar future as the result of an improvement in bonding the fabric backing to the surfacing material. The cloth will contain yarns of the same plastic used in the coating. When heat and pressure are applied during processing, or a suitable solvent plus pressure for that matter, there will result a more perfect union.

"Waterproof" matches, now under development for the armed forces in jungle areas and other damp places, will look very much like standard kitchen matches. They will be water-resistant enough, but will require a fairly dry striking surface. Crux of the development is not in the protective coating (which can be wax, plastic, or a combination thereof) but in a new manufacturing process that minimizes fire hazard to machinery and plant during production. Not to be written off as postwar civilian impossibilities are pocket boxes or "books" of safety matches that will be both windproof and waterproof.

hatching is required in a particular spot, it is brought out with the same liquid. If diagonal lines in lighter tones are also required for shading, a second chemical develops them instantly. Both drawing board and tracing vellum lend themselves to the speedy production of shaded perspective, isometric, and axonometric renderings.

## "Citropene"

Newest odorant for liquid floor waxes, furniture oils, window cleaning liquids, insecticides, and other specialty products is Citropene, formulated by Givaudan-Delawanna, Inc., 330 W. 42nd St., New York 18. It is described as a "fresh, clean, and powerful lemon-pine odor. . . . It is low in cost and is immediately available for use in your formulas."

## Field Repair Rivet

Newest items for the repair kits of airplanes or other vehicles are Huck Universal Type Blind Rivets and a small "hand gun," which weighs less than 2 lb. and requires neither compressed air



nor electricity, for setting them. Huck Mfg. Co., 2480 Bellevue Ave., Detroit 7, makes the rivets in shank diameters of  $\frac{1}{8}$  in.,  $\frac{1}{4}$  in., and  $\frac{3}{8}$  in., but in a single "grip," or setting pin, length which promises to "suffice for any combination of sheet thicknesses from 0.050 in. to 0.300 in."

You thrust a rivet into a hole, grasp the pin with the gun, and turn a hand-wheel which draws the pin outward with a "pulling force of 1,000 lb.," develops a "tulip" on the blind end of the rivet, and causes the shank to enlarge tightly in the hole. When the excess length of pin has been snipped off and smoothed down, the repair is complete. If the rivets are to be used in production, a gun is available for air operation.

# AGRICULTURE

## Grapes of Wrath

California growers rage as WFA again buys entire crop of raisin variety, limiting supply salable at premium prices.

Uncle Sam proposes to buy California's raisin grape crop again this year, and the arrangement is bringing only anguished screams from the growers.

Everyone grants that raisins needed for food must be dried, but there will be Thompsons and Muscats left over for sale to grape-hungry wineries—at prices which might be pretty spectacular.

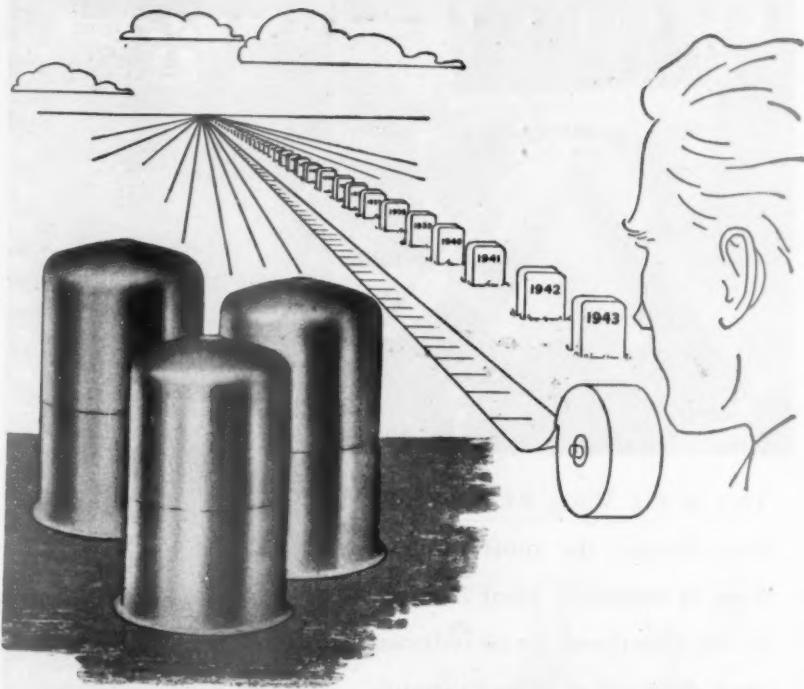
• **\$9,000,000 Subsidy**—The growers watched the federal government turn a profit of \$1,200,000 on raisin grapes sold to the wineries last year. They were still trying to recapture that money when War Food Administration issued its 1944 set-aside order for raisins.

The government last year bought the entire crop of raisin grapes at support prices of \$155 a ton for raisins of the Thompson seedless variety. The raisins were marketed by means of a subsidy, and this cost Commodity Credit Corp. a cool \$9,000,000 (CCC handled the crop last year for WFA and will meet WFA's losses this year, if any).

• **Windfall for Farmers**—But CCC tabbed 30,000 tons of the 1943 grapes



Heading the group formed to run this year's raisin program, A. (Sox) Setrakian finds no fault with the government's set-aside order on grapes.



## CAN YOU MEASURE SHAPE UNIFORMITY IN YEARS OF EXTRA SERVICE?

THE ability of Hackney light weight shapes and shells to meet the requirements set for them and, then, to continue giving extra service, is due in no small part to their uniform size, weight, strength and capacity. Extra service is designed into them by Hackney engineers. And it is maintained by Pressed Steel Tank Company's more than 40 years of volume production experience.

Starting with the chemical and metallurgical research that is used in the testing of material, and continued by the modern heat-treating and quality control equipment, uniformity is assured in every manufacturing step, from raw material to finished product.

War products demand Hackney's time today. But as soon as the need for these products becomes less critical—and more material is released for civilian requirements, Pressed Steel Tank Company plans to make products available to all industry.

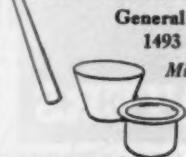
## Pressed Steel Tank Company

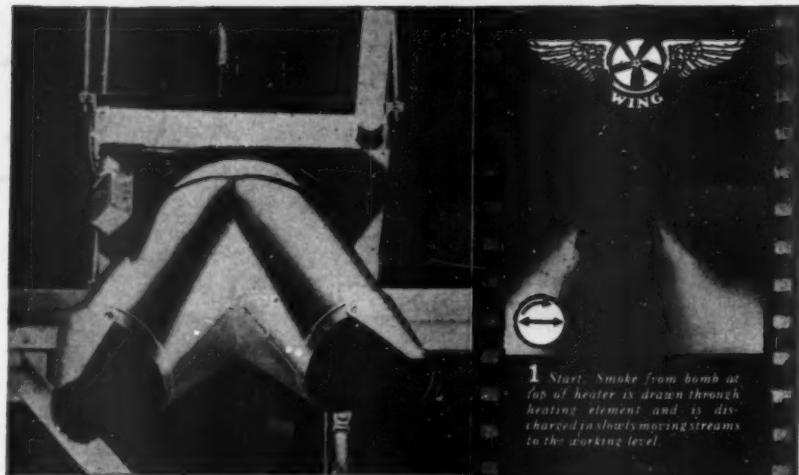
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**WING** *Revolving* **UNIT HEATERS**

UNIT HEATERS • VENTILATING FANS • EXHAUSTERS • BLOWERS • TURBINES



1 Start. Smoke from burner at top of heater is drawn through heating element and is discharged in slowly moving streams to the working level.

2 Note how the streams of heated air flow gently even to remote corners of the room and around obstructions.

3 The discharge outlets have slowly revolved through 180°, building up a blanket of uniformly warmed air.

4 Still turning through 270°, the streams of heated air are covering every part of the working level.

5 The discharge outlets have completed one revolution, demonstrating conclusively the thorough coverage of the WING Revolving Heater.

substandard, sold them to the wineries, and cleaned up the disputed \$1,200,000. Washington authorities turn a deaf ear to the California growers' demand that the substandard grape money be parceled out; yet they have given ground by putting a clause in the new contracts that will preserve any future windfalls for farmers.

If any grapes are left over from raisin making and go to the wineries this year, the profits will be distributed to the growers on a pro rata basis. Moreover, WFA is paying \$25 a ton higher this year for grapes made into raisins.

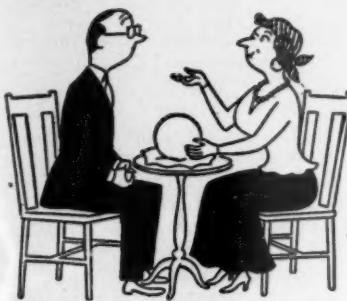
• **Growers' Program**—Before WFA issued this year's set-aside order, commandeering the entire production of raisin-variety grapes in eight California counties, the California Grape Growers & Shippers Assn. bought big space in newspapers on the West Coast and in Washington to tell Fred M. Vinson, Director of Economic Stabilization, and Marvin Jones, WFA chief, how the grape crop should be handled.

The growers insisted the carryover of old-crop raisins will be 100,000 tons on Sept. 1, that it will therefore be necessary to convert only about 225,000 tons to raisins this fall (instead of the 306,000 tons which the government demands), and that growers should be allowed to market the rest of a 350,000- to 375,000-ton crop for table use, for preserving, or for beverage-making at prices that are materially higher. Thus last year when grapes brought California growers \$159,000,000, passing citrus in value to California farmers for the first time in history, the grapes that went to wineries brought twice the price of raisin grapes, and table grapes were about three times as much.

• **Divided Counsel**—Charges of "bureaucracy" and "dictatorship" were flung by William J. Cecil, volatile new general manager of the growers' association. He is willing to see 65% of the crop set aside for raisins, but wants his people to be permitted to market the remainder. WFA claims that such a system failed dismally in 1942.

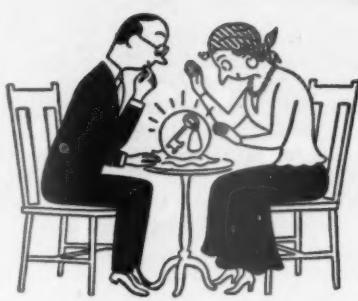
Opposed to Cecil is A. (Sox) Setrakian, deposed last year as head of the growers' association (which he helped to found). He isn't the biggest of the 3,000 Armenian and Italian grape growers in the San Joaquin Valley (that's Joe Di Giorgio, the fresh produce king) nor is Setrakian the richest but he easily is the most important.

In 1943, Setrakian sided with the government. When his association rebelled, he organized the Raisin Collaborators Committee, renamed the Raisin Advisory Committee this year. He likewise is head of the Raisin Producers Assn., a nonprofit corporation



1. **FORTUNE TELLER:** I see you taking a journey next week—to New York.

**MAN:** Why—I do have to go there. My problem is how to get a room.



2. **F.T.:** I see a key—for a nice room at the Hotel Pennsylvania.

**MAN:** Wonderful! That's the New York Statler—right across from Pennsylvania Station. But—



3. **F.T.:** Got My powers do not fail. They will expect you!

**MAN:** I can't quite believe it—but I'll try anything once.



*In the meantime . . .*



5. Now to test the fortune teller's magic power!



6. **ROOM CLERK:** Welcome, Mr. X.—we have a nice room for you. Front!

**Yes**, the thing that "works magic" in getting a room at the Hotel Pennsylvania is—

A reservation, made far enough in advance so that we can confirm it.

And more and more people are following this laudable practice—the big reason why it is often impossible to take care of you if you drop in unexpectedly.

When you arrive without reservations, chances are that virtually every room has been reserved in advance—some of them for weeks.

 Besides early reservations, two other wartime practices will make traveling more comfortable for you and all travelers: Canceling unwanted reservations promptly . . . Releasing your room as early as possible on the day of departure.

Although certain inconveniences are unavoidable in wartime, the really important Hotel Pennsylvania services are still being maintained . . .

*the inviting rooms, with their famous beds . . . delicious, wholesome meals . . . the restful relaxation you need, even in wartime.*



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NEEDED FOR U. S. WAR BONDS



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set up to run the government program. And it is Setrakian to whom Cecil refers as a dictator.

• **Pressure Eased**—But even as the epithets fly, some of the heat has been taken out of the situation by the announcement of the whisky furlough (BW-Jun.24'44,p17).

Presumably, the vintners won't be offering such fancy prices, or competing so vigorously for the available grapes; pressure on the raisin growers will be correspondingly reduced. But until the present, the competition has mounted steadily.

• **Grapes Into Liquor**—One after another the big distillers of the East have moved in on the California wine business (BW-Nov.21'42,p126) until at present the wine industry has a strong smell of hard liquor.

The reason for it, of course, has been that beverage alcohol production has been cut off by government order, so the distillers have looked to the wineries.

And distillers have scoured California for raw material. They have bought prunes and peaches. It is reported that they have frequently topped offers from table grape shippers. Because of them, the big-money product of the wineries has been high-proof alcohol—used to fortify wine, but now quite commonly used in cordials and even whisky.

On the acreage side there is further reflection of the boom in grapes and of the distillers' interest in the business. In all, the boom is said to have increased the vineyards by about 75,000 acres.

## It's Not Peanuts

Producers take a look at \$7,000,000 profit made by WFA on peanut deal and ask for a slice of it.

Peanut producers in Virginia, the Carolinas, and other southern states want the War Food Administration to divvy with them the \$7,000,000 profit the federal agency has made this season on the purchase and sale of 1943 crop peanuts.

• **Double Subsidy**—WFA officials say: Sorry, but all this profit—plus \$7,000,000 of Commodity Credit Corp. money—is being dumped into a peanut butter subsidy for consumers. To kick back part of the profit on the raw nuts would, WFA holds, be a double subsidy to producers to the extent that peanut growers themselves buy the cut-rate peanut butter.

The deal goes back to the spring of

1943 when Chester Davis, then War Food Administrator, proclaimed that CCC would buy the entire commercial crop from producers at \$130 to \$140 a ton, sell some at a loss to crushers at \$80 a ton, and some at a profit to shellers at \$175 a ton. There was the expectation of a net loss on this operation since 40% of the crop was to be sold to crushers.

• **Crop Disappoints**—Urged to grow peanuts for vegetable oil, the producers planted a record acreage in 1943, but yields were disappointing. The total yield of nuts was less than 1,300,000 tons as compared with 1,100,000 tons in 1942. By the time CCC got around to buying the nuts, only 900,000 tons were in sight, 300,000 tons of the remainder being reserved by farmers for seed, and 100,000 tons having simply disappeared.

• **\$7,000,000 Profit**—A thumping surplus of other oils and fats was being piled up, and WFA decided that after all peanuts are a more valuable product in direct edible uses (such as peanut butter) than in the form of oil. Instead of selling 40% of the nuts to crushers, CCC sold 75% to shellers.

As the deal turned out, the nuts sold to shellers have yielded a profit of \$18,000,000 to CCC, and the nuts sold to crushers show a loss of \$11,000,000. The growers want this difference. They won't get it, because CCC says a \$14,000,000 subsidy on peanut butter is a part of the peanut program.

Officials admit that when prices for the 1943 crop were set up more than a year ago, they had no idea of paying a subsidy on peanut butter. This subsidy (4½¢ a lb. to manufacturers of peanut butter, so as to effect a 6½¢-a-lb. reduction in prices to consumers) popped up months later—long after it became clear there would be a profit on the raw nuts.

• **1944 Acreage Drops**—This year, the peanut producers have been asked to grow more than 6,000,000 acres (18% more than in 1943), but the growers have said that all they can manage is 4,700,000 acres, or 500,000 less than in 1943.

They said that this year's proposed support price of \$140 to \$150 a ton wasn't high enough, that labor and other costs had increased, and that yields per acre wouldn't be as large as in 1943.

WFA then set support prices of \$145 to \$160 a ton for the 1944 crop. It expects to sell most of the crop to shellers for better than \$172 a ton. CCC won't make as much profit this year on the raw nuts as it did on the last crop, and its losses on peanut butter will be bigger because a larger quantity of nuts will go into this product.

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HELP HIM



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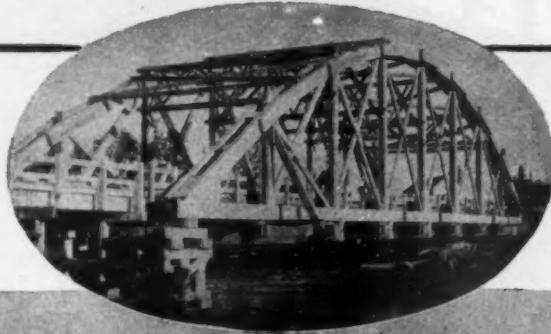
Write on business letterhead for book "Craftsmen in War Production" . giving information on Lyon's Facilities, Manpower, Finances and Management.

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AMERICAN LUMBER & TREATING COMPANY

## Bulls on Rampage

Prices for purebred sires and mated heifers skyrocket as gentlemen farmers and small fry improve their herds.

The third week in June traditionally finds purebred cattle buyers and sellers winding up their auction season in mild discontent or satisfaction over dollar averages and peaks. This year there is nothing mild about it. Price averages kept sharply soaring all season, and peaks were made with skyrocket velocity.

- **Dairy Types Up**—Biggest prices are paid today for purebred beef bulls of famous bloodlines, with plenty of action among beef cows and calves. Top-quality dairy types are up sharply. Hogs and sheep from the animal peerage are also bringing fancy prices.

One bull brought \$40,000, another \$38,000, and a cow \$20,000. Calves drew \$500 to \$1,000. Heifers bred to fancy bulls suddenly doubled in value. The rage for blood lines spread from the open range of the West to the manicured estates of Dutchess County, N. Y., and in less degree to conservative New England.

- **Behind the Boom**—The dizzy spiral is no accident. In part it rests on high beef-animal prices at the stockyards, restrained from going higher only by the famous Vinson not-ceiling cattle price directive. But the principal foundation of the boom is probably the smart breeders' desire to get their hands on some industrial war profits. It is first cousin to pure inflation.

The situation is not unlike that of the last war, when purebred livestock prices hit peaks in 1919 and 1920. That inflation was engineered on notes; today's trading is being done with cash. The Corn Belt Farm Dailies observe editorially that "whatever happens to prices . . . the owner will still have his producing animals left."

Percentagewise, the group of real purebred breeders is small and is divided several ways according to breeds. The breeders trade amiably among themselves, but this is of little consequence as a factor in boosting prices.

- **City Men Lead Buyers**—The new money that comes into the game to sweeten the pot is in minor part from smaller agricultural fry, and in greater part from city men who are founding herds or trying to improve those they had before the war, with their distaste for losses offset by current income tax levels. By holding the deals to cash, as is now practically universal, the breeders are trying to make sure

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buy from Aluminum Refiners. Over a quarter century of experience enables us to produce ingot to your most exacting specifications—that will cut costs for you and increase profits!

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BUY WAR BONDS

that they won't get burned in a post-war fire.

The more top-pedigree beef cattle spread through U. S. breeding herds, the better it will eventually be for the trencherman who dotes on steak. But the descendants of 1944's fabulous bulls will not reach the slaughter markets as prime steers before 1947.

• **Grade Cows for Europe**—The devastated areas of Europe are unlikely to get much of this fancy-priced livestock because American types of livestock are not generally produced in continental Europe. Stockmen probably will first ship out grade (not purebred) cows that will produce both some milk and some beef for European herds, unless the United Nations Relief & Rehabilitation Administration gets more highfalutin ideas.

• **Mated Heifers in Demand**—Most of the bigshot cattle auctions are annual events on breeders' farms. Half a dozen professional auctioneers sell the bulk of the top-quality purebreds, traveling from sale to sale.

Early in the season, Ralph L. Smith, Kansas City lumberman, paid Sunbeam

Farms, Miami, Okla., \$40,000 for Prince Eric of Sunbeam, the Aberdeen Angus bull that has thus far led the year's market.

Within five minutes, Smith had Eric insured for \$40,000 by Lloyd's of London, and soon sent the expensive bull to his Chillicothe (Mo.) farm. In two months, Smith was cashing in by selling mated heifers at a substantial increase over their worth if bred to a less valuable bull.

• **Calf Brings \$20,000**—M. D. Buth of Grand Rapids, Mich., in June took to a Columbus (Ohio) sale Montvic Bon-hour Pietje B., an eight-year-old Holstein-Friesian cow for which he had paid \$6,500 in Canada eleven months before and for which he was reported confident he would get \$30,000.

The Curtiss Candy Co. farms of Chicago bought a calf of hers for \$14,000, and thereafter no pin-up girl ever had a better publicity build-up. The bidding started at \$10,000, halted at \$20,000 bid by Glenn L. Bancroft, a trucker of Flint, Mich.

• **Half-Dozen Superbulls**—The record sale of heifers this year was held this

month by William Bartholomay, Jr., a Chicago insurance man. Bartholomay got an average of \$2,000 each for daughters of his shorthorn bull, Klammer Footprint. He also sold an eight-month-old bull for \$5,100.

Bartholomay's explanation of today's fancy prices: There are only half a dozen superbulls in each breed. Everybody wants them and their offspring. In times like these, livestock fanciers have the money, and the one who bids highest gets the animal.

## Yams Grow Up

**Sweet potato byproducts include breakfast food, candy, malt, livestock feed. Southern experiments progress rapidly.**

The lowly sweet potato, long a favorite food in the South, is gaining wide recognition through the development of byproducts.

• **Variety of Projects**—In virtually every state south of the Mason & Dixon Line, experiments are under way to expand the sphere of usefulness of this crop, which in 1943 totaled an estimated 75,800,000 bu. Wartime shortages have boosted the experimental development of alcohol from the sweet potato, and the production of commercial starch as a byproduct is progressing.

• **Cost Is Big Factor**—Because of the shortages in livestock feed, southern agriculturists are seeking to promote the use of sweet potatoes as a substitute for corn.

Big fly in the ointment of southern hopes is, of course, that the South (except for Texas) isn't primarily a livestock producing area, and the sweet potato feed probably would not be able to compete with corn after the payment of transportation charges to the Middle West. Hence hopes for the development of a really big market for sweet potato feed are limited.

• **New Foods**—Other southern experimenters are pushing the development of sweet potato derivatives as food for human beings. Several of these foods—candy, malt, cookies, and breakfast food—are being produced on a small commercial scale now.

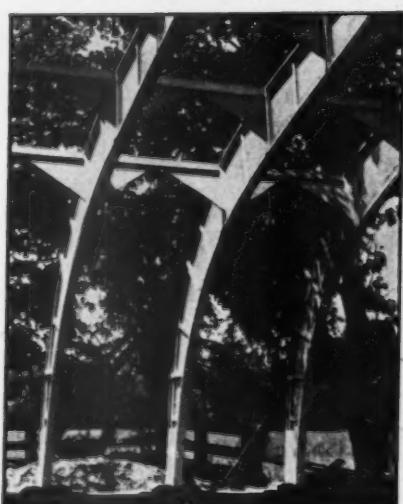
The leading states in sweet potato production are Georgia, North Carolina, Louisiana, Alabama, Mississippi, Texas, and South Carolina, but experimental working is going on throughout the area.

• **Malt Developed**—Attention of several cereal, bakery products, and confection manufacturers has been attracted to the



### PLYWOOD GOES RURAL

Among plywood's postwar prospects is its use in prefabricated farm buildings. Thus far only about 100 such plywood structures have been erected—and these are not prefabs—but their durability appears certain. One of the neatest is the arch-roof barn built experimentally by Marine-Air Research Corp., Annapolis, Md. Structural members, webs, and gussets (left) are of plywood bent to shape; roof and side sheathings are of  $\frac{1}{4}$ -in. and  $\frac{3}{8}$ -in. Douglas fir sheets which are applied with glue and nails. As a result, the barn has a clear, draft-free, and airy interior (above).



experimental work being done at the Alabama Polytechnic Institute, where emphasis has been placed on the development of new food products.

Research workers at the college have produced several different kinds of breakfast foods from sweet potatoes, as well as a malt which may be served as a soda fountain drink when mixed with milk and sugar. The malt also may be used as an ice cream powder and as a pastry base. Candy derived from sweet potatoes resembles taffy and is being made on a limited commercial basis. Food value of the various sweet potato products is said to be high.

• **Tested in Markets**—The breakfast foods and malt developed by Alabama Polytechnic are being distributed under the trade name of Alayam. The process by which these products are made is an outgrowth of experimental work on dehydration, although the products themselves should not be confused with dehydrated products.

The Alayam products, already tested in groups and individually by more than 2,500 persons, are being placed on sale in test markets. About eight cities and a number of Army camps were selected to check on the popularity of the sweet potato products. Patents have been applied for in the name of the developers and assigned to the institute. Manufacturers will be licensed under a royalty agreement, and a non-profit research organization will administer the patents.

• **To Determine Costs**—Meanwhile, a pilot plant at the Alabama Agricultural Experiment Station has been set up to turn out a ton of sweet potato by-products each 24 hours. Purposes of this plant are to work out suitable commercial manufacturing processes, design necessary equipment, determine approximate costs, measure public acceptance of the various products, and test the several types of packages.

• **Alcohol Experiments**—The Southern Research Laboratory at New Orleans, which maintains a field laboratory at Midway, Ky., has found evidence that sweet potatoes, particularly yams, far excel grains as a basis for the production of alcohol, producing more gallons to the acre and utilizing a more economical distilling process that provides livestock feed as a byproduct.

The laboratory has found that an acre of sweet potatoes will yield 250 gal. of alcohol, compared with about half that amount for corn and only 25 gal. for wheat. These figures have been confirmed by the horticultural research department of Louisiana State University, also associated with the experiments.

• **Projects in Florida**—For a number of months action was held up on a pro-



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This wartime post-hole digger—which will have many peacetime applications—is used for all sorts of construction work. Mounted on a rugged truck, equipped with New Departure Ball Bearings, the whirling dervish speeds the installation of field communication lines.

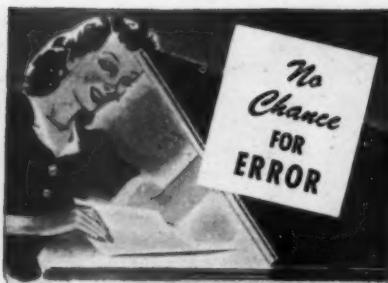
This ingenious tool is but one more example of how ball bearings help—wherever shafts turn. In countless mechanisms, they make possible higher speeds, assure permanent and accurate location of parts, reduce maintenance.

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MARYLAND'S  
AMBASSADOR  
OF GOOD CHEER

NATIONAL

PREMIUM

BEER

PALE, DRY, BRILLIANT

THE NATIONAL BREWING COMPANY, BALTIMORE, MD.

posed \$2,056,000 plant in Clewiston, Fla., which would have produced ethyl alcohol from sweet potatoes, with a potential annual capacity of 7,000,000 gal. This project finally was killed by the War Production Board. The plant would have been operated by the United States Sugar Corp.

In the meanwhile the corporation is planning to begin production this fall of starch from sweet potatoes at a plant now under construction at Clewiston. The new \$2,500,000 plant will use a variety of potato especially developed by the corporation. Much higher in starch content than the average sweet potato, the starch potato grows to the size of a small watermelon and is disagreeable to the taste.

• **Equipment Planned**—Large acreages in the Everglades growing district will be planted in the potato, which will be harvested in the usual manner by field hands, but the corporation's engineers are designing special harvesting equipment for postwar production and use. First crops are expected to be in by the time the plant, on which construction has been progressing rapidly, is ready.

Main problem of the construction job on the plant has been to obtain an adequate supply of low-cost water for the manufacturing process. A pipe, extending five miles into Lake Okeechobee, is being laid in order to fill this need.

• **Labor Shortage Hurts**—Development of sweet potato (dehydrated) meal as a feed for livestock has been retarded by labor shortages. The Coastal Plain Experimental Station at Tifton, Ga., which has been running a series of feed experiments, doubts that the meal will replace corn for cattle feed until the costs of sweet potato production can be brought in line.

However, a trial plant for dehydrating livestock feed will be installed at Albany, Ga., by the Cleaver-Brooks Co. of Milwaukee, as a part of its program for the testing of new feeds in several states.

The Georgia experiment station tests showed that sweet potato meal proved to be approximately 3% more efficient than cracked shell corn. Sweet potato pulp (which is a byproduct of starch manufacturing) was found less palatable than the meal, but of about the same efficiency when it is combined with shelled corn.

• **To Increase Yield**—In addition to this type of experimental work, other state institutions are seeking methods to increase sweet potato yield per acre. The Atmore state prison near Mobile, Ala., for example, has set aside large acreage for sweet potato production tests.

## Peaches in Peril

Growers fear loss of considerable part of expected bumper crop unless public aids in harvesting and canning.

Unless civilians pitch in to help in the harvesting and canning, a considerable part of this year's near-bumper crop of peaches will spoil, and little of the fresh fruit will go for home use.

• **Retailers Assist**—To prevent such a loss, the National Peach Council is enlisting the aid of food retailers and commission merchants in an effort to get help from the public in obtaining labor, packages, trucks, and refrigerator cars to handle the crop, which the Dept. of Agriculture estimates nationally will reach 67,427,000 bu.

• **Home Canning Urged**—Of the portion of the crop to be canned, lend-lease and the armed services will take 64%, and if the public wants to augment the 5,400,000 cases that canners predict will be its share, home canning must be resorted to in earnest.

Although an estimated 10,000,000 bu. of peaches were nipped by April frosts in the southern states, a big crop is ripening in Pennsylvania, New Jersey, Maryland, Delaware, Virginia, and West Virginia, which serve most of the big marketing centers. Some 7,000,000 bu. are estimated as the probable yield in these states, as against 2,740,000 bu. last year and 6,377,000 in 1942.

• **Crop Estimate**—Estimates of the 1944 crop (in bushels) in six big producing eastern states:

	1944	1943
Pennsylvania .....	1,955,000	1,176,000
New Jersey .....	1,287,000	918,000
Maryland .....	602,000	221,000
Delaware .....	630,000	93,000
Virginia .....	1,900,000	172,000
West Virginia .....	630,000	160,000

• **Lower Prices Expected**—The southern crop is now maturing, and some peaches already have reached the northern markets, with the peak expected to be reached around July 20, when the east-central area crops will begin to reach the consumer. This will continue through August.

The high prices of last year will, in all probability, be forced down and this will cause many home canners who did not buy peaches last year to do so this year.

However, officials fear that undue optimism by the public over progress of the war may cause many housewives to shrug their shoulders and count on the relaxation of rationing to fill their pantry shelves this winter.



"Let us be ready for V-day with building projects soundly conceived for the good of the people and the business of each community!"

**Statement by LEYTON E. CARTER,**  
*Chairman, Conference Committee  
on Urban Problems.*

"IN ORDER to balance the decline in essential wartime expenditures, we will need about five billion dollars per year of residential construction . . . an equal amount of all other private construction . . . and yearly government outlays of about three billion dollars for public construction.

"One need only look up and down our city streets, to see how easily these building quotas can be filled, and how stimulating they would be to our economic advancements. See the narrow, broken, neglected streets. See the outmoded office buildings, factories, warehouses and other structures.

"V-day is not far away. Your postwar building jobs must be started now. If site, financing, complete plans and specifications are not ready well in advance, well-planned economical construction cannot start quickly. Nor can the fullest advantage be taken of the recent great progress in materials, design and construction methods.

"Call in your architects, engineers and general contractors now. Ready your plans so that each project is brought to the ground-breaking stage, and can be built economically to serve your business and your community with the maximum of efficiency!"



**DON'T WASTE IT!**

The weapons and ammunition our boys overseas fight with, the food they live on, the precious blood plasma which saves their lives, all reach them fresh, clean and usable, protected by paper. Every paper saving made by wartime packaging of your household needs is so much more paper for our armed forces. Help conserve paper for those who need it most.



**TRUSCON STEEL COMPANY, Youngstown 1, Ohio**  
SUBSIDIARY OF REPUBLIC STEEL CORPORATION

## Stock Tumbles

**Park & Tilford common drops rapidly after dividend in whisky fails to meet the stockholders' expectations.**

The inexorable operation of Newton's law of gravity—"whatever goes up, must come down"—again has been demonstrated on the New York Stock Exchange.

• **Qualifies for Club**—As a result of its recent performance (chart), Park & Tilford's common stock unquestionably has qualified for a charter membership in Wall Street's "high divers" club, as many in the Street had suspected might prove the case (BW—Apr. 29 '44, p.84).

For P.&T. common, following a leap from around \$30 to above \$98 a share on the Big Board from October, 1943, to May, 1944, has just staged an even more spectacularly precipitate plunge, featured by several \$5 to \$10 daily dives, that within five weeks have about taken the shares back to where they started from last fall.

• **Based on Rumors**—The stocks' rise was mainly the direct result of "blind" speculative buying, much of which was inspired by nothing more substantial than exaggerated rumors in certain Wall Street circles that indicated the possibility of a P.&T. "drinkidend."

The company finally indicated early this year that it was considering such a dividend, but it also announced then that it still wasn't in a position to furnish details because of changes that had been suggested in its original plans by various regulatory agencies.

• **Kept on Buying**—The latter factor didn't bother the dabblers in P.&T. stock; it seemed merely to whet speculative appetites. Neither did it put an end to the flow of extravagant rumors concerning the scope and value of the predicted offer to stockholders.

While all this was happening, there were a number of Wall Street traders, including many who had reaped substantial benefits out of the 100-point rise of American Distilling Co. shares late in 1943 prior to the declaration of its famous liquor dividend (BW—Dec. 18 '43, p.113), who didn't care at all for the situation developing in Park & Tilford stock.

• **But Schulte Sold**—For they knew D. A. Schulte had long controlled P.&T. and they lost any speculative enthusiasm

when they discovered that while outsiders were actively bidding for shares the Schulte interests were just as busy getting rid of substantial blocks of their own holdings.

These sales weren't secret. The Securities & Exchange Commission regularly reports such sales, and from December, 1943, to May, 1944, it recorded disposal of over 50,000 of the 54,500 shares earlier held by Schulte; all the 4,853 of P.&T. common once held by Dunhill International, Inc., reputedly another "Schulte company"; and sales of 38,700 by the David A. Schulte Family Trust, cutting its holdings down to 134,474, shares.

• **Expectations Fade**—Any dreams of quick riches which might have been held by buyers of the stock, however, started to fade when the company late in May finally announced the details of its whisky "bonanza." Stockholders of record June 23 would have the right to buy, per share held, only six cases of whisky, compared with 18 in the American Distilling melon.

Also, they were informed that the whisky—P.&T.'s regular "Reserve" brand—was definitely a blended product in which only 5% of the blend was whisky seven years old, 25% was four-year-old stock, and the remaining 70% was neutral spirits.

And P.&T. may spread delivery of the 1,552,000 cases from Aug. 1 to December 31, 1946, though at least 200,000 cases were to be sold this month and in August.

• **Profit Limit Set**—The company said, too, that at least 700,000 cases of the

whisky would be made of Cuban spirits and, including the federal tax, would cost stockholders \$29.87 a case, because of import duties, compared with \$26.43 if the liquor had been made of domestic grain spirits.

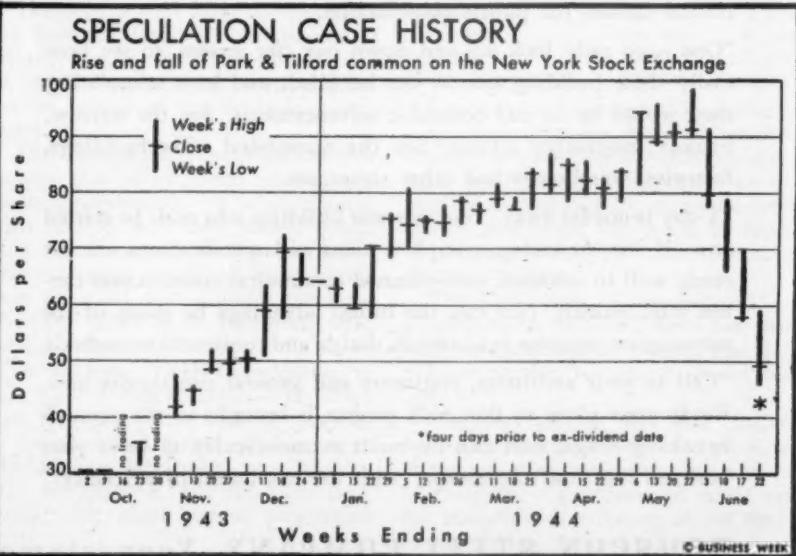
But one of the worst blows to speculators was an Office of Price Administration ruling that stockholders not in the liquor business could collect a profit not to exceed \$3.46 a case if they sold their rights to others.

On the morning this news was released selling orders on P.&T. stock appeared in such volume that trading in the shares, which had previously slipped some \$10 under their peak, had to be halted for a time in order to insure orderly executions. Before the day had closed the stock dropped another \$10 and from then on the fat was in the fire.

• **Street Doesn't Like It**—Considerable unfavorable comment regarding the whole situation is heard in many Wall Street quarters, nor has it been treated with any kindness in some of New York's newspapers and financial publications.

What most of the objectors want to know, of course, is why the SEC didn't step into the situation at the time insiders were so busily engaged in selling substantial portions of their holdings to outsiders at rising prices, especially as the commission must have been aware that before the move started the Schulte interests held close to 90% of all the common outstanding and that one reason for the rapid rise was the small supply of "free" stock.

• **Drops Again**—Last Friday, selling for the first time without the liquor purchase-rights, P.&T. common closed at \$35.50 compared with the previous day's closing price of \$49.25.



# Washington...

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They are *yours* if your industry is located in Washington . . . the cornerstone of the new industrial America. Remember . . . your industrial future lies in the Pacific. Tie to Washington, the new cornerstone!

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# New Issues Peak

Five-month total reaches highest figure in three years. Underwriters are worried about private sales, bidding system.

The rush of corporations to complete financing operations before the start of the war loan campaign on June 12 resulted in the placement during May of \$216,707,000 of new issues, compared with only \$181,100,000 in April, and provided the largest monthly total since August, 1941.

Total corporate flotations in the first five months of 1944 aggregated \$866,000,000, a new three-year peak for that period.

• **Private Sales Hurt**—From the underwriting houses' viewpoint, generally speaking, there have been more profitable months this year than May, since some \$125,000,000, or 57.8% of the month's corporate financing, represented issues which were sold privately to insurance companies and on which only a handful of houses reaped any benefits.

Many of the security underwriting houses in New York's financial district not so favored aren't at all happy about the loss of potential commissions because of the increase in private sales of new issues.

• **Another Trouble**—However, they do have hopes that this may turn out to be

just a temporary flurry, not the starting of a new trend. Far more alarming to them, currently, are the changes they see taking place in the underwriting business because of the rapid extension of competitive bidding, and some in the field are even commencing to wonder now about the ability of the new issues industry to survive without a drastic reorganization of the present setup.

For the investment dealers today find themselves struggling with a downward spiraling of their underwriting profits brought about mainly by competitive bidding in most of the new corporate issues being offered currently.

• **Costs Increasing**—As in other lines, their usual costs of doing business have been rising. And the dealers find it necessary to prepare studies and organize groups for deals which eventually may go to others on higher bids. And even with present easy money conditions, the securities underwriting business still has its risks.

Virtually every important public offering over the past six weeks or so has had to be secured by underwriters through open bidding. That competition is severe is well indicated by the results of one recent bond offering (not a large one, either) when the range between the lowest and highest bids was only \$10 per \$1,000 bond and only \$2 separated the two highest bidders.

This sharpening of pencils to get business, obviously, means high offering prices for new issues, and that considerable buyer resistance is being met on

occasion is shown by the fact that three recent large issues are still available in the over-the-counter market at levels well under their original public offering prices.

• **Many Complaints**—Because of these conditions small dealers throughout the country are complaining bitterly about the extremely narrow margin of profit allowed them on recent deals (only \$2.50 per \$1,000 bond in the case of one recent issue). Also, they are said to be showing an increasing tendency to refuse to participate in offerings where the commission is not commensurate with the risk involved.

Few underwriters doubt that competitive bidding is here to stay. However, they are wondering what action the proponents of competitive bidding would suggest if later on the new issues market found itself confronted with a succession of sour deals (as some think it will sooner or later) and saw a subsequent unwillingness of bankers to make anything but "safe" bids on future offerings.

• **Issues Planned**—The number of issues registered with the Securities & Exchange Commission for offering after the present war bond drive is over on July 8 is not large.

However, ready for sale then should be \$10,000,000 Quaker Oats Co. 2½% 20-year debentures, that company's first public financing in its long history; 27,500 shares of Walter E. Heller & Co. 5½% preferred; 27,736 shares of 5½% preferred and 50,000 shares of



TO SELL BONDS

With purchases by individuals lagging in the first two weeks of the 5th War Loan drive, an unprecedented barrage of showmanship has been loosed to force the campaign over the top. And banks are no exception to the rule of patriotic ballyhoo. Prime



example is New York's Bankers Trust Co. which momentarily has shed its traditional cloak of dignified conservatism to get in the swim. Across the facade of the bank's Wall Street headquarters strides a 16-ft. Uncle Sam (right)—in neon lights—and over the banking floor hangs a huge mural luridly depicting fighting men, ships,

and planes. But it's the bank's Fifth Avenue branch where the lid's really off. On the main floor is an exhibit of war material and a Grumman "Wildcat" fighter plane (they had to take out the door frame so as to get it in), and from 5 to 10 p.m. stage, screen, and radio personalities are on hand to pep up selling activities.

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C. D. KENNY DIVISION  
BALTIMORE, MD.

SPRAGUE WARNER DIVISION  
CHICAGO, ILL.

BALTIMORE, MARYLAND

June 2, 1944

Mr. A. E. Duncan  
Chairman of the Board  
Commercial Credit Company  
Baltimore - 2 - Maryland

Dear Mr. Duncan -

Through the profitable use of your financing service for nearly three years, we have attained a position which has enabled us to permanently finance our Company by an underwriting of preferred stock and serial ten year unsecured notes. We, therefore, tender our check for \$2,556,842.07 in settlement of our account with you.

Nearly three years ago you advanced \$1,450,000 towards my purchase of C. D. Kenny Company, Baltimore, whose sales in 1941 were \$17,000,000. About a year later you advanced some \$3,850,000 to assist the purchase by Kenny of Sprague Warner and Company, Chicago, whose annual sales were about \$12,000,000. Sales of both Divisions have since substantially increased.

We have just bought Western Grocer Company and Marshall Canning Company of Marshalltown, Iowa, which makes our Company one of the largest wholesale, canning and processing grocery concerns in the United States, with combined annual sales in excess of \$50,000,000.

During our experience with you, of nearly three years, you have financed our Accounts Receivable totaling more than \$82,000,000. We have always made a substantial profit and I am pleased to say that at no time have you injected yourselves into management or financial control of our business. The use of your financing service and the splendid cooperation and helpful assistance we have received from you and your Associates have been important contributing factors to our success. We shall always feel very grateful to you.

Our experience with you is concrete evidence that large concerns can very profitably use your financing service and maintain high credit standing. We wish you continued success.

Most sincerely yours,  
SPRAGUE WARNER-KENNY CORPORATION

*Nathan Cummings*  
President.

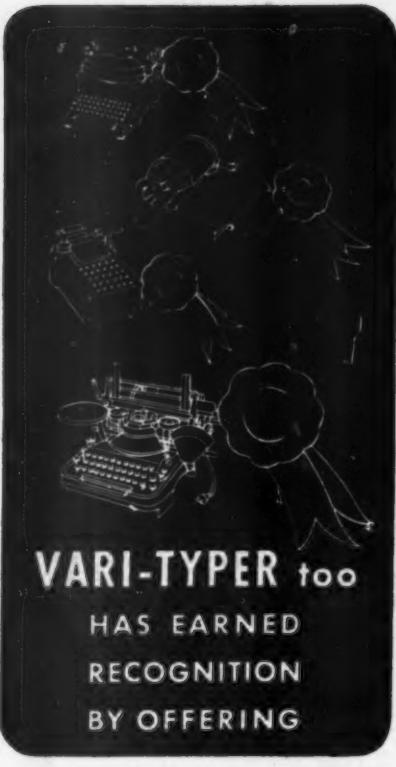
The above letter tells the story in the words of a gratified user of Commercial Credit service. Our booklet, "Capital Sources," tells how Commercial Credit makes thousands or millions quickly available for any sound business use. Write or telephone our nearest office for a copy.

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Baltimore 2, Maryland

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Capital and Surplus More Than \$65,000,000

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333 SIXTH AVE. • NEW YORK 14, N.Y.

Howard Stores Corp. common; and \$2,000,000 American Machine & Metals Co. debentures.

Also, the public will be offered that part of 35,000 shares of General Printing Ink Corp. \$4.50 preferred and 60,587 shares of Idaho Power Co. 4% preferred not taken by holders of the present preferred stocks of those companies.

- Possible Offerings—Other possible candidates for public offering in coming weeks include:

Chicago Union Station—Some \$44,000,000 of bonds to refund present 3½s.

Derby Gas & Electric Co.—\$1,000,000 of new common stock.

Kansas City Terminal Ry. Co.—A new \$49,000,000 issue to refund 4s.

Marathon Paper Mills—Up to \$10,000,000 of not over 3½% debentures and 50,000 shares of \$5, or under, preferred for refunding and new money needs.

Monongahela West Penn Public Service—A new issue to retire 4½% and 6% mortgage bonds and debentures now outstanding.

Narragansett Electric Co.—Some \$32,000,000 of new bonds to retire 3½s.

New Orleans Public Service—\$34,500,000 of bonds and 77,798 shares of new preferred to pay off 4% to 6% bonds and \$7 stock.

Ohio Edison Co.—\$31,000,000 of bonds, \$10,000,000 of eight-year notes, and \$18,000,000 of preferred to refund issues.

Pennsylvania Edison Co.—A new issue to retire \$28,000,000 Penn Central Light & Power mortgage bonds now out.

Philadelphia Electric Co.—Up to \$130,000,000 of new bonds to pay off 3½s.

Potomac Edison Co.—New bonds and preferred shares to refund present 5% and 4½% mortgage issues and 6% preferred.

Southern Pacific Co.—New bonds to refund one of its present strongest issues, \$25,000,000 San Francisco Terminal 4s.

### SHARES OF TOBACCO

The practice of giving products to stockholders, initiated by the whisky companies last fall, is now getting a new twist.

Louisville's Axton-Fisher Tobacco Co., which was recently bought out, except for some inventories, by Philip Morris (BW-Jun.24'44,p118), is offering holders of each share of Class B stock warehouse receipts representing 141 lb. of stored tobacco. This is the first step in A.F.'s liquidation.

The value of these tobacco lots—made up of 65 lb. of flue-cured leaf, 30 lb. of flue-cured strip tobacco, and 46 lb. of burley leaf—is "anybody's guess." The exact grade of the lots, which represent the small part of Axton-Fisher's 30,000,000-lb. inventory not bought by Philip Morris, has not been furnished.

It is the general impression that tax considerations have played their part in the management's decision to offer payment in kind rather than the cash proceeds from its sale. The warehouse receipts may be traded later directly for

Philip Morris shares. By this means, a cash sale of Axton-Fisher stock—carrying significant tax charges—can be avoided.

It is believed that all but a small portion of the B stock outstanding is held by the Transamerica Corp. The shares were selling in Louisville recently for about eight times the \$12 price which they brought when Transamerica first secured control of the company.

## Jack Gets O.K.

Ohio Securities Division approves stock issue offered Cleveland employees. Class A shares go into voting trust.

Jack & Heintz Co. associates, the management's fraternal term for the 7,500 workers in Cleveland's fabled aircraft accessories plant, will be offered the opportunity to supply \$15,000,000 of working capital, under a plan projected after a Price Adjustment Board subtracted \$7,000,000 from 1943 profits (BW-Jan.15'44,p32).

• Issue Given O.K.—The Ohio Securities Division last week approved the issue of that amount of a Class A stock, without par value, to be sold at \$100 a share only to associates who are residents of Ohio, employed for six months or more. The Class A shares are to receive a \$5 preferred dividend, and a preference in liquidation at \$100 plus any accrued dividends.

However, the entire Class A issue would be placed in a voting trust with the common stock. Thus Bill Jack achieves the same end—complete control—that he sought when he originally said the new stock would be nonvoting, a provision to which the Ohio Division of Securities objected strongly. After ten years (or after \$50 in dividends have been paid) the Class A stock loses its \$5 preference.

• Common Gets Next \$5—A Class B stock was also approved by the division, but company attorneys said none would be offered at present. It would have a preference in liquidation at \$100.

The common stock of the company, held by William H. Jack, president, his son, Russell Jack, and Ralph H. Heintz, is to receive the next \$5 in earnings, after the Class A dividend is paid, and share equally thereafter.

Present capitalization of the company is \$100,000, common stock valued at \$500 and a \$99,500 paid-in surplus.

• Skirts SEC—Qualification of the stock by the Ohio Securities Division only avoids the necessity for registration with the Securities & Exchange Commission,

which has no jurisdiction so long as the states are intrastate.

As originally announced by Jack, the purpose of the increased capitalization was to meet a situation caused by the unwillingness of the Price Adjustment Board to allow a higher margin of profit on sales because "risk capital" was so small.

**Appeals Ruling**—In his bitter fight on renegotiation, he has charged that the company will be left insufficient capital to carry on after the war unless it gets the additional investment now proposed. He is appealing the \$7,000,000 renegotiation ruling.

### PAY VIA AGENCY

Over two years ago when Lockheed Overseas Corp. was engaged in recruiting the more than 500 civilian technicians it now has aiding military authorities in the invasion theater, it found that a prime source of anxiety for the men was that of safeguarding their earnings and also providing for all financial contingencies that might arise while they are away.

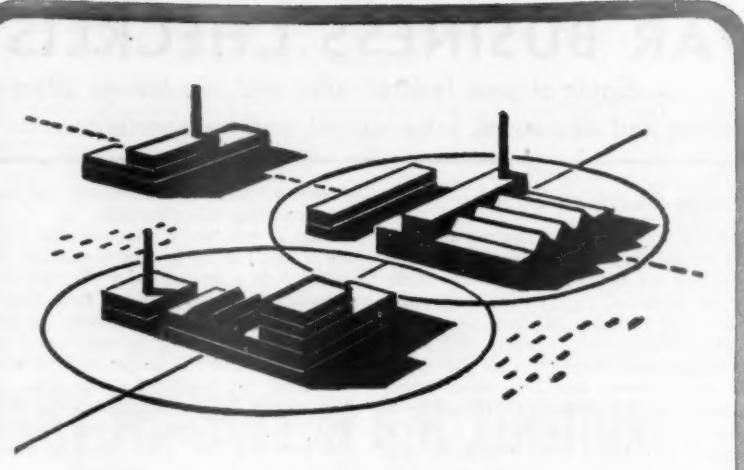
The California Trust Co., an affiliate of the California Bank of Los Angeles, was consulted and out of the conferences that followed came a new-type agency agreement, under which the trust company, at a low cost, could be engaged by any employee destined for foreign service to act as his fiscal agent.

Since then, from the salaries of the company's foreign employees, the California Trust Co. has been making stipulated payments to relatives, as well as regularly anticipated expenditures for items like insurance premiums, loans, and purchase contracts.

Current reports show that the California Bank and the trust company are now holding for Lockheed overseas' employees some \$1,000,000 in savings accounts and \$500,000 in war bonds.

### INSURANCE FIGHT GOES ON

Stirred by the Supreme Court decision that insurance is interstate commerce subject to the antitrust laws (BW—Jun. 10 '44, p18), the House has wasted no time speedily passing a bill, by a vote of 283 to 54, designed to nullify that court ruling completely. One of the briefest measures to be considered by the House this session, the bill provides that nothing in the Sherman or Clayton acts shall be construed to apply to the insurance business or to impair state regulation of the latter. Even if the measure should later pass both houses, it is believed that the margin of support in the Senate would be too slim to override the presidential veto almost certain to follow.



## Score 2 out of 3 for Cleveland

OF THE 350 TYPES of American industrial products, Cleveland in normal times, makes 220.

This tremendous concentration of industry springs from a truly unusual combination of basic factors vital to profitable manufacturing and distribution. Besides location at the strategic heart of industrial America, the Cleveland area affords nearby natural resources in great plenty, and extremely well developed industrial services.

Few other areas of similar size—if any—offer so much to so many.

For nearly a century this bank has been privileged to aid in the development of industries located here. Businesses of every type considering relocation or postwar expansion are invited to address us in confidence for further information or assistance.

### THE NATIONAL CITY BANK OF CLEVELAND

Euclid at East Sixth  and Terminal Tower

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# WAR BUSINESS CHECKLIST

A digest of new federal rules and regulations affecting priorities and allocations, price control, and transportation.

## Increased Civilian Supply

Previous restrictions on the use of hardboard in the manufacture of domestic ice refrigerators are removed from WPB Order L-7-c, as amended. . . . By ordering early, farmers may get an increased supply of fertilizer for the 1944-45 season, WFA has announced; more nitrogen than last year, 21% more potash, and 25% more superphosphate will be available if current production programs are completed. . . . WPB allocations of carbon tetrachloride for dry cleaning in the third quarter are 1,086 drums (of 700 lb. each) a month as contrasted with the 214 drums a month allowed in the second quarter. . . . Four additional items of commercial dry cleaning and tailor's pressing equipment may now be manufactured for civilian use under WPB Order L-91, as amended. . . . Those who use fuel oil only for heating water during the summer may obtain larger rations as a result of Amendment 13, Ration Order 11. . . . The quarterly allocations of edible oils by War Food Administration for the months of July, August, and September amount to 10,936 tank cars; tung oil and wood fat allotments for June are the same as those for May, but a special allocation of lanolin is promised for delivery to cosmetics manufacturers during July and August.

## Relaxation of Priorities

WPB General Direction 2, Order M-310, requiring tanners to produce between May 1 and July 31, 1944, military goatskin glove and garment leathers in quantities at least equal to 15% of their total square footage of goatskin leather produced in that period, has been revoked, since the procurement of military glove and garment leather has been less than originally scheduled and other leathers are now available. . . . As a result of an amendment to WPB Order L-28-a, which adds 99 types of military incandescent, fluorescent, and other electric discharge lamps to the permitted list, manufacturers of the new types of lamps specified no longer need apply for special permission to produce them for military use.

## Lumber

Under WPB's new lumber control system—L-335, as amended (BW—Jun. 24 '44, p17)—all Class I consumers (those who require more than 50,000 b. ft. a quarter except for specifically exempt purposes) must file Form 3640 for their quarterly allotment. WPB will specify how much lumber the Class I consumer may receive, and under what conditions. These allocations, which are only permissions to buy, are subject to any end-use or other restrictions that WPB sets up. In placing his order, which will carry any preference rating assigned to the job for which the wood is

needed, a consumer must certify that he is not exceeding his allocation.

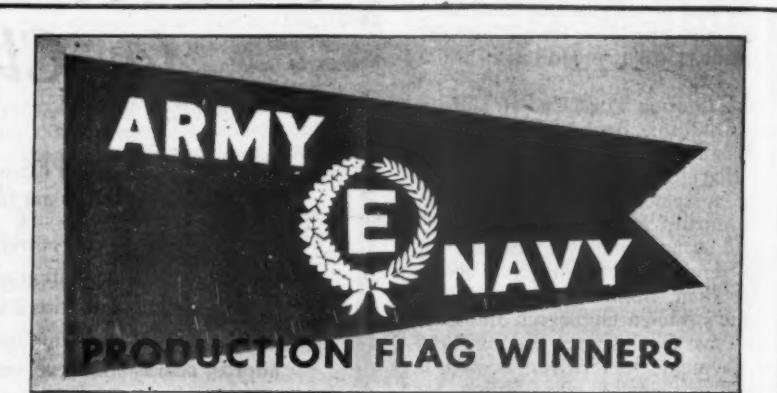
Class II consumers, who may also certify orders, include those who need less than 50,000 b. ft. a quarter for a job rated AA-5 or higher; those using lumber for authorized mining, smelting, or petroleum developments; those working on authorized construction projects. Applications by Class II consumers for lumber for any other purpose cannot be certified and must fall in the "all-other" class, covering consumers who have less than AA-5 rating or none at all.

Class I consumers will place their certified orders (rated or unrated) with any sawmill or distributor. Class II consumers will place rated orders with sawmills or distributors; they may not certify unrated

orders. Special machinery will be set up by War Food Administration to take care of farmers. Other users will place orders with distributors only, not with sawmills. Distribution by dealers will be subject to WPB direction. Sawmills can accept orders up to 110% of capacity, giving preference as will dealers—to higher rated orders. Mills producing less than 100,000 b. ft. a year are exempt.

## Soaps and Cleaners

To simplify pricing procedure for whole salers and retailers of bulk household soaps and cleansers and to assure the consumer that he is getting the kind of soap he wants, OPA has amended its regulation covering bar or packaged soaps to include bulk soaps, which have heretofore been priced under General Max. The new procedure is designed to help the many producers and distributors who are handling these goods for the first time. A formula is set up for establishing markups according to group of store and according to classification of soap. In addition, the amendment requires manu-



### Adel Precision Products Corp. Huntington, W. Va.

Aerovox Corp.  
New Bedford, Mass.

Allen Boat Co.  
Harvey, La.

American Bosch Corp.  
(Two plants)

The Aviation Corp., Ameri-  
can Central Mfg. Corp.  
Connersville, Ind.

Burlington Brass Works  
Burlington, Wis.

Commercial Crystal Co.  
Lancaster, Pa.

Cornell Forge Co.  
Chicago, Ill.

Curtiss-Wright Corp.  
Indianapolis, Ind.

### Maritime Commission M Awards

Dean Bros. Pumps, Inc.  
Indianapolis, Ind.

Dutchess Tool Co., Inc.  
Beacon, N. Y.

Edge Moor Iron Works, Inc.  
Edge Moor, Del.

Imperial Lifeboat & Davit  
Athens, N. Y.

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of *Business Week*.)

Equitable Equipment Co.  
Madisonville, La.

Exact Level & Tool Mfg.  
Co., Inc.

Hightbridge, N. J.

Ford Motor Co.

Somerville, Mass.

Hardwicke-Etter Co.

Sherman, Tex.

Highway Steel Products Co.

Chicago Heights, Ill.

Jones & Laughlin Steel Corp.

Cleveland, Ohio

Josten Engineering Co.

Owatonna, Minn.

Neponset Woolen Mills

Concord, Mass.

Port Houston Iron Works

Houston, Texas

Republic Gear Co., Detroit  
Bevel Gear Co.

Detroit, Mich.

The Ross Mfg. Co.

Chicago, Ill.

C. H. Schnorr & Co.

Springdale, Pa.

Southern Aircraft Corp.

Garland, Texas

Stiles, Inc.

Grand Rapids, Mich.

United States Flare Corp.

San Fernando, Calif.

Universal Microphone Co.

Inglewood, Calif.

Vanity Fair Mills, Inc., Van-

terial Corp.

Reading, Pa.

Woodworking Industries, Inc.

Grand Rapids, Mich.

Majestic Mfg. Co.

St. Louis, Mo.

Steel Products Corp.

South Windham, Me.

Multnomah Iron Works,

R. M. Wade & Co.

Portland, Ore.

Kaiser Co., Inc.

Richmond, Calif.

# GREAT NORTHERN RAILWAY

BETWEEN GREAT LAKES AND PACIFIC



## DAIRY INDUSTRY IN G. N. TERRITORY SETS PRODUCTION PACE FOR NATION

### Foresight of Railway's Builders Helps Feed America Today

As the tracks of the Great Northern Railway were pushed westward from Lake Superior to the Pacific Ocean, the system's management planned for settle-



*One of the steps in cheese-making. Fine cheeses come from the milk of fine cows in Great Northern territory.*



*Packaging Northwest butter for your table. Scientific, sanitary methods of modern plants protect high quality standards.*



*One of the many high-producing dairy herds which thrive on the rich grazing lands and in the fine climate of the Northwest.*

ment and development of the Northwest empire and sensed quickly the necessity for broadening the agricultural base of the region. They knew settlers could not prosper on wheat ranching alone, so they encouraged diversification. From that encouragement grew today's great Northwest dairy industry.

In recent years Great Northern has encouraged development of industries utilizing milk. Throughout its territory are hundreds of plants devoted to production of top quality butter, condensed and powdered milk, and a variety of cheeses.

Such territorial service is one of the many things which make Great Northern great. And it explains why Great Northern transports, dependably, a large volume of the Northwest's dairy products.



*Dried milk is shipped by the barrel in G. N. cars. Dependable transportation by rail is vital to the dairy industry.*



**Let's  
transform  
waste  
into weapons**

*Why the transformer? It's a symbol of electric power . . . a reminder to conserve electricity as a means of fighting waste.*

*Is there a shortage of power?* Not of generating capacity, as such. But needless use of current wastes the tight fuels which produce a lot of electricity—coal, oil and natural gas. Furthermore, it consumes critical copper and tungsten . . . burdens transportation . . . aggravates the manpower shortage.

Like individuals, industries must conserve resources of all kinds, so our fighting forces will have



more. Above, for example, you see the economical way to handle heavy equipment. Here Yellow Strand Preformed Wire Rope and Yellow Strand Braided Safety Slings team up to move a costly transformer. Each brings toughness and endurance to the job, due to Yellow Strand's specially-drawn steel wires. Each contributes time-saving flexibility—through preforming in the rope and patented braiding in the slings.

Smooth, labor-saving lifts help Uncle Sam and help you to carry the war load. Call on B&B engineers for wire rope assistance.

**Broderick & Bascom Rope Co., St. Louis**  
Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

**YELLOW  
STRAND**

**PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS**



factories and wholesalers to indicate to buyers of bulk or unbranded soaps the classification of the commodity by labeling the container to show whether the product is toilet soap, laundry soap, package soap, scouring powder or cleanser, or washing powder. (Amendment 6, Regulation 390; Amendment 3, Regulation 391.)

### Galvanized Ware

Civilians may expect more iron and steel in their galvanized ware and greater choice in size and gage as a result of a WPB liberalizing order that adds coal hods and scuttles to the list of permitted civilian items. Only a small portion of the demand for hods and scuttles will be met this winter, however. Manufacturers may use up to 100% of the iron and steel that they used in the base period (year ended June 30, 1941) for the same articles and may use any type of iron and steel available in making these items. (Order L-30-a, as amended.)

### Motor Vehicles

On July 1, WPB will turn over to the Office of Defense Transportation full responsibility for the rationing of new trucks, truck tractors, trailers, and other commercial vehicles. Before this, responsibility for rationing 239,096 vehicles, practically the entire stockpile of Mar. 9, 1942, has been divided between WPB and ODT. Under WPB's truck production program, ODT will make available to civilians about 89,000 medium and heavy trucks as they are produced. The new plan is expected to speed up handling of applications for motor vehicles for essential civilian use. (WPB Direction 36; ODT General Order 44.)

### Army Vehicles

Maximum prices for 450 types and models of used Army vehicles may now be determined by the method already in effect for sales of used commercial motor vehicles. This OPA amendment covers specially built trucks, trailers, "jeeps," station wagons, and others. Fire trucks and combinations of passenger automobile chassis with truck bodies are also brought under the regulation. (Amendment 4, Revised Regulation 341.)

### Petroleum

The Petroleum Administration for War now permits petroleum operators to abandon any oil well without giving prior notice. Formerly, 30 days' notice was required in order to abandon a well that produced more than a barrel of oil daily or 6,000 cu. ft. of gas daily. (Recommendation 47, revoked.)

### Machine Tools

A new simplified OPA ruling brings machine tools, attachments, and parts, as well as rentals for new machine tools, under the coverage of a single regulation. While present price levels are generally maintained, the previous regulation has been changed to freeze all prices in effect on

Oct. 1, 1944.  
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Oct. 1, 1941, not just list prices, as formerly. Provision is made to add discounts in the case of new machine tools and to determine prices of new tools and parts when they present more than a modification of articles for which prices are already established. (Regulation 67.)

## Wirebound Boxes

To encourage the maximum output of industrial wirebound boxes, used—among other purposes—for packing meat and ammunition, manufacturers are permitted to apply for individual price adjustments if they can show that they are suffering hardship because of increased veneer costs. Box ceiling prices were raised \$5 per 1000 b. ft. in February. (Amendment 1, regulation 485.)

## Beverage Cane Spirits

WPB has announced an increase of 25% in the 1944 quotas for the importation of new beverage cane spirits from foreign countries (under Order M-374) and in 1944 quotas for the production of these spirits in Puerto Rico and the Virgin Islands (under Order M-69). This action, taken at the request of the Dept. of State, the Dept. of the Interior, and the Foreign Economic Administration, is partly the result of the distinction between shipments from the country of origin and entries into U. S. Customs, and partly the result of the liquor furlough recently announced for the month of August (BW—Jun. 24 '44, p17).

## Eggs

Bakers, ice cream makers, and other industrial users of sugar have been given a special allotment of sugar to permit them to use up additional stocks of eggs. Any such producer who will increase his use of eggs in products for which he gets a regular sugar allotment will be granted an additional sugar allotment for the third quarter ranging up to 5% of his base (1941) use. (Amendment 27, Revised Ration Order 3.)

## Coke

A minimum quality standard for reclaimed beehive coke has been announced by Harold L. Ickes, Solid Fuels Administrator for War, to insure for consumers a usable fuel with which to supplement their limited supplies of high-grade coals. On and after July 1, the new standard will prohibit the shipment of reclaimed beehive coke for domestic use if the coke has an ash content exceeding 20% to 25%, according to size.

## Newsprint

To compensate for higher costs involved in making extra-light newsprint paper (under 30 lb.), a manufacturer may add to its ceiling prices for 32-lb. standard newsprint the differential he customarily applied in pricing such light paper during the base period Oct. 1, 1941—Mar. 31, 1942; if he had no differential in effect in this period, he may apply to OPA for a markup. This



### YOU CAN DO IT, TOO

Here are scenes from the B&H movie which proves beyond doubt that ultra-handicraft skills can be developed with motion pictures.

Most of the people who learned the art of lens making with the help of this film had no unusual manual skill before . . . yet today they are accomplished, efficient craftsmen.

The film is available through the B&H Film Sound Library and the U. S. Office of Education.

### BUY... and hold... WAR BONDS

BELL & HOWELL COMPANY  
1816 Larchmont Ave., Chicago 13  
Please send complete Filmosound Library Catalog () and new Filmosound Circular ()

Name.....

Address.....

City..... State.....

BW 7-1-44

Products combining the sciences of OPTICS • electRONICS • mechanICS

PRECISION-  
MADE BY

*Bell & Howell*



## Follansbee pre-forging

for sound alloy steels

Wherever severe conditions put steels to the test—whether it be in transmission gears in heavy trucks and bulldozers, or in the landing struts of giant aircraft—Follansbee Pre-Forging demonstrates its value.

Follansbee, though it furnishes only the basic steel—from blooms to strip—brings the advantages of forging into the very first operation after the ingot is poured. Pre-Forging is the exclusive process which presses ingots into blooms and billets . . . imparts a uniform density and grain structure that can be relied upon, shipment after shipment.

For forgings—or for products requiring sheets and strip—Follansbee Pre-Forging and the skill of its compact organization assure the sound alloy steels that respond properly to your heat treating and working quality requirements.

### FOLLANSBEE STEEL CORPORATION

GENERAL OFFICES • PITTSBURGH 30, PA.



*Sales Offices*—New York, Rochester, Cleveland, Detroit, Milwaukee.  
*Sales Agents*—Chicago, Indianapolis, St. Louis, Nashville, Los Angeles, Toronto and Montreal, Can. *Plants*—Follansbee, W. Va. and Toronto, O.

ALLOY BLOOMS, BILLETS, BARS, SHEETS & STRIP • COLD ROLLED SHEETS & STRIP  
 POLISHED BLUE SHEETS • ELECTRICAL SHEETS & STRIP • SEAMLESS TERNIE ROLL ROOFING

is a further step in the program to stretch the supply of paper by encouraging the use of lighter weights (BW—May 6 '4, p12) (Amendment 8, Revised Regulation 130).

### Plastics

Articles made of natural rubber and balata are excluded from the coverage of OPA Regulation 523, controlling plastics. Plastics products that are assembled with other materials and sold as another commodity by a regular manufacturer of the second commodity are also excluded. Specific exemptions include combined fabrics, cement adhesives, laminated sheets, rods and tubes prior to fabrication, phonograph records and others. This action does not mean that these products are freed from price control since they are covered by other regulations. (Amendment 1, Regulation 523.)

### Other Priority Actions

Revision of WPB orders regulating chemicals brings barium chemicals under allocation control of Order M-300 and transfers methyl isobutene ketone and phosphorus to the same order, while restrictions on allocation of riboflavin (Vitamin B<sub>2</sub>) are removed. . . . By amending Order L-150a, WPB has extended restrictions over softwood plywood to include all softwood plywood strips, odd sizes, and scrap with surface measurements of more than 8 ft. square.

### Other Price Actions

Provision has been made for transit companies, vending machine operators, and others who come into possession of ration tokens "in ways not provided for by ration orders" to turn these tokens in to their local boards, under Amendment 42, Revised Ration Order 13, and Amendment 5, Revised Ration Order 16. . . . Bearings and bushings made of ferrous and nonferrous metals, formerly covered by General Max, are brought under controls of Regulation 126, as amended, without affecting the general level of prices for these items. . . . Through Amendment 3, Regulation 459, producers of gummed kraft sealing tape may apply for higher ceiling prices in substantial hardship cases if certain specified conditions are met. . . . A 9% increase in manufacturers' lowest published list prices in effect on Aug. 4, 1943, for cast-iron warm-air furnaces burning wood, gas, or oil, with a B.t.u. output of 900,000 or less at the register or outlet, is announced by OPA in Amendment 42, Order A-1, under Regulation 188; increases, which apply only to sales made on an uninstalled basis, may be passed on by jobbers and retailers. . . . Cottonseed flour and peanut flour are exempted from price control beginning June 28, to give processors of these flours the same freedom from restriction allowed to competitive processors of soybean, potato, and rice flour. (Amendment 58, Revised Supplementary Regulation 1). . . . By Amendment 8, Regulation 260, OPA establishes a maximum price of 30¢ per lb., f.o.b. shipping point, for sales of cigar cuttings and clippings, used chiefly in scrap chewing tobacco.

# MARKETING

## "Boards" Prosper

**Outdoor ad campaigns increase. Loss of auto traffic offset by heavier streetcar and bus travel, raising "circulation."**

Traditionally, summer is the big season for outdoor advertising. Notwithstanding the reduction in the number of motorists, this summer business is good too, for outdoor advertising as an industry has turned out to be anything but the war casualty it was considered when gasoline and tire shortages cut automobile traffic.

• **Billings Increase**—The disappearance of the automobile tourist, it is true, set the industry back on its sign posts temporarily, but 1944 business is booming, with billings 56% ahead of last year in the first five months.

Apart from conditions which have increased advertising in practically all media (BW-Feb. 5 '44, p86), the fact that more people actually are seeing billboards than in 1939 probably is the reason for outdoor advertising's biggest boost.

• **Circulation Increases**—The Traffic Audit Bureau, Inc., which compiles semiannual "circulation" data for outdoor advertising media, reported an increase of 9% for the fall of 1943 in 210 cities over "circulation" recorded in the years 1938 to 1942.

Increased pedestrian and mass transportation (streetcar and bus) traffic (up 75% and 69% respectively) has more than made up for lost auto and truck traffic (down 5%), according to the bureau.

• **More Pedestrians**—Pedestrians account for 15% of all outdoor "circulation" in 1944 as against 9% before the war. Streetcar and bus ad-reading has increased from 11% to 16% of the total traffic while auto and truck traffic which accounted for 80% of the "circulation" during the five-year period 1938 to 1942 now amounts to only 69%.

• **Rural Areas Hit**—By and large, however, urban areas make a better showing than rural. And advertising sales have followed the same pattern. Increased billings of the industry have just begun to sift down to rural areas where traffic volume was hardest hit by the gasoline shortage.

First to disappear from the billboards when the war began were automobile advertising campaigns, which with gaso-

line and oil accounts, made up the pre-war backbone of the outdoor advertising industry. Plymouth and Chevrolet are the only automobile accounts to return to the billboards this year, but tire companies are again taking up the media for the first time since they dropped it several years ago.

• **Filling the Gap**—In the wartime absence of the familiar billboard ads along U. S. highways, the industry has more diversification than at any time in its history.

Help wanted, cosmetic, motion picture, airline, and railroad advertising helped to fill the gap.

But the big wartime boom came in the food business. Outdoor advertising agencies have been interested in food advertisers for years, and intend to keep the wartime converts, who now account

for 25% of total volume, as compared with 7% in 1940.

• **Ideal Proportions**—This approaches an ideal schedule, according to Kerwin H. Fulton of Outdoor Advertising, Inc., the national sales promotion agency which serves nearly 600 outdoor advertising companies throughout the United States. Fulton's concept of a well-balanced proportion is one-third food billings, one-third automotive, and one-third divided among all other types of business.

Prominent among food manufacturers to come outdoors with their advertising are Borden Co., Carnation Milk, Durkee's Famous Foods, Cudahy Packing Co., American Meat Institute, Best Foods, Kellogg Co., Swift & Co., the Florida Citrus Growers, Worcester Salt, Morton Salt, Ward Baking Co., Continental Baking Co., Loose-Wiles Biscuit Co., and National Biscuit Co.

• **Operation Problems**—As for the labor and materials shortages which plague most businesses, the outdoor advertising

## Roadside Jingles Saved for Peacetime

Probably the best-read outdoor advertising, Burma-Shave's unique roadside jingles are now temporarily in limbo, but Burma-Vita Co. of Minneapolis is already promising a fresh flock of them for the returning serviceman and the tide of other post-war motorists.

• **Keeps Roadside Rights**—For the duration, the company is using its jingles in other media—car cards, magazines, radio, and 15 G.I. publications—but these are just standbys, for the roadside signs are the company's first love.

Shortage of materials and the diminished rural automotive traffic induced the company early in the war to freeze that program in its prewar stage of development, but it is continuing to pay farmers for land rental and upkeep on the 7,000 sets of jingles that now line highways in 43 states.

• **To Renew Contests**—Item No. 1 on Burma-Vita's postwar program is resumption of the summer jingle contests that used to stimulate as many as 40,000 entries in the competition for twenty \$100 prizes.

The jingle is the brain child of Allan G. Odell, now vice-president and advertising manager, who first had the idea that road signs could be read in succession from a moving car. That was in 1926. He wrote the first jingle, made the first stakes himself, and set them out along U. S.

Highway 65, just outside Minneapolis. Sales picked up significantly, and the jingle had won its place in American folk history.

A few famous American poets have been among the 300 contest winners, but the company won't reveal their identity.

• **Three General Types**—In general, Burma-Shave jingles are of three general types—straight advertising, exaggerated American humor, public service. Examples:

His face was cool  
And smooth  
As ice  
And O Louise  
He smelled so nice

The bearded lady  
Tried a jar  
She's now  
A famous  
Movie star

Don't take  
That curve  
At 60 per  
We hate to lose  
A customer

• **One Got the Bird**—Many contest entries score with the home office force but never get on the boards for reasons of good taste. For instance:

Listen, birds  
These signs  
Cost money  
So roost a while  
But don't get funny



# South Carolina

STATE OF OPPORTUNITY



*\*This is one of a series of advertisements featuring the six States served by the Seaboard Railway.*

South Carolina is undergoing an industrial transformation. Preserving with pride the rich heritage of the past, a progressive people are likewise devoting their energies toward acquiring what is best in the new.

Long noted for its preeminence in textiles, recent years have added numerous other enterprises to the State because of its superior manufacturing advantages. Notable among the new industries established in South Carolina is the manufacture of pulp and paper—one plant being the world's largest.

South Carolina is aware of the wider opportunities for agricultural diversification and industrial expansion. Alert state agencies and other organizations are making long-range plans for the future development of the State's material resources.

The Seaboard Railway has had a constructive part in South Carolina's progress and in the expansion of the State's industrial structure. The Seaboard through its Industrial and Agricultural Development Departments, as well as through other agencies of the Railway, will continue to plan and work with South Carolina in the years ahead.

Seaboard Railway, Norfolk 10, Virginia

**SEABOARD**  
RAILWAY

THROUGH THE HEART OF THE SOUTH

Buy more WAR BONDS!



## CHICKS BY PLANE

New tests by United Air Lines and the University of Illinois show that chicks can be shipped by plane—just as safely as hatching eggs can (BW—May 6 '44, p.59). For its part of the experiment, United recently flew two 100-chick lots from Chicago to San Francisco at altitudes ranging from 5,000 ft. to 12,000 ft., at temperatures between 30F and 72F. Result: Only one of the 200 failed to survive.

industry has been handicapped less than most. Its painters are skilled and most of them are over 40 years of age. Highest loss of labor has been among poster hangers.

Limitations on lumber, joining hardware, metals for animation tricks, flour and tapioca for glue, and gas and tires for maintenance, have not been heavier than the industry could take in its stride.

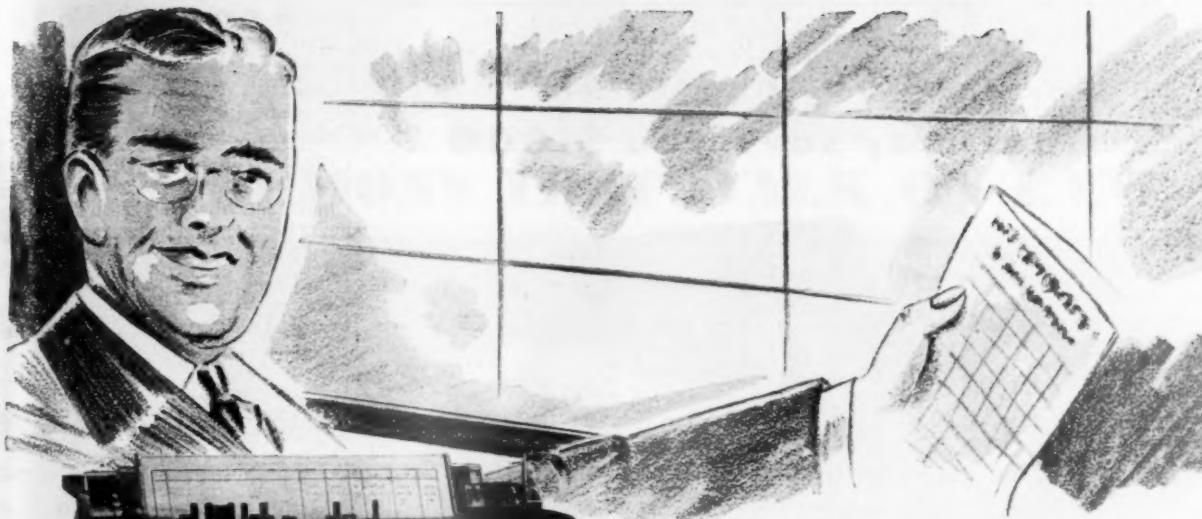
## COAST SEEKS NEW WARES

Bringing big production and distribution facilities together to provide a more expansive peacetime economy is one of the major problems facing businessmen (BW—Dec. 18 '43, p.86).

The big question is how to gear the huge productive power of aircraft companies to postwar needs. Already Aviation Corp. has announced that it will manufacture a new line of household appliances after the war for distribution by Associated Merchandising Corp. (BW—Apr. 29 '44, p.28) which has 23 big city department stores.

But another aircraft company, Douglas, is reported to have dropped a project for merchandising research into postwar manufacturing possibilities.

However, West Coast companies are



# BLOCK BUSTER

Want a bottle-neck smashed? Is production blocked because materials aren't flowing right? Is distribution out of hand because you're reading salesmen's reports a week old? Is collection slow because billing is late? Is the payroll department working round-the-clock to meet each factory payday?

Outstanding "block buster" for situations like these is the Remington Rand Alphabetical Tabulator. Its fast, automatic, *readable* reports are smashing bottlenecks for all kinds of business . . .

manufacturing, transportation and insurance companies—Army & Navy bureaus—utilities—wholesalers and retailers—banks—chain stores—city and federal governments.

— in all kinds of ways . . .

Material Control—Labor Distribution—Sales Analysis—Unit Inventory Control—Billing—Payroll—Job Costs—General Ledgers—and others.

How can the Alphabetical Tabulator smash a bottleneck? By giving you, at 9 o'clock this morning, yesterday's figures of production or sales performance or inventory status. By giving you *fresh* facts, in understandable form. By letting you make sound decisions faster than ever before. By compensating in part for the trained employees called to war.

There's no other accounting instrument quite like the Alphabetical Tabulator. Its exclusive features make it the finest "block buster" you could possibly employ. It ought to be on your payroll. To see it and try it, call the nearest Remington Rand office, or write us at Buffalo 5, New York.

PUNCHES

SORTERS

TABULATORS

MULTIPLIERS

INTERPRETERS

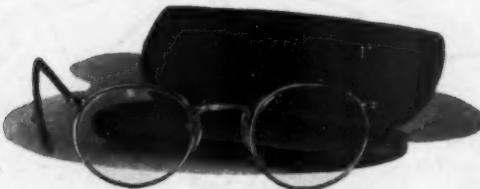
INTER-FILERS

For LEADERSHIP IN  
PUNCHED-CARD ACCOUNTING, look to

Remington Rand

---

## A \$1.50 Investment that may save you \$1000



This is a pair of AO Goggles. Their cost: around \$1.50. On one of your skilled workers, they may save you \$1,000 or more . . . for the eye accidents they help to prevent . . . and the trained skill they help to protect.

### AO GOGGLES protect eyes & man-hours & profits



They're more than an investment in eye protection. For the price you spend for AO Goggles, you give a worker freedom from fear of injury. You let him concentrate on his job. You help him put in more man-hours. *And you keep production up and costs down.*

American  Optical  
COMPANY  
SOUTHBRIIDGE, MASSACHUSETTS

CALL IN AN AO MAN—KEEP YOUR "PRODUCTION-EYES" PRODUCING

getting together with potential distributors of their peacetime production of consumer goods. Nearly 300 Southern California manufacturers, 80% of them ambitious to capture postwar market but without experience in producing consumer goods, recently were told by big store executives what they should make and how they should make it.

The manufacturers were urged to make their postwar products as attractive as those of eastern companies, and they were given a list of wares western retailers will buy if produced in western plants.

### Mart Plan Moves

Atlanta's plan to become furniture capital of the South is aided by radio interests' offer to rent space in proposed building.

For several months Atlanta has been talking about establishing a furniture and merchandise mart in its campaign to become the furniture capital of the South, a title now claimed by the long-established Southern Furniture & Rug Market at High Point, N. C.

• **Radio Seeks Space**—It appeared this week that Atlanta's plans were moving ahead. Large—but thus far unidentified—radio interests were disclosed to be considering leasing studio space in the twelve-story concrete furniture mart building, if and when it is erected.

With commercial television not far away, Atlanta radio station owners are looking around for new quarters with which to meet the requirements of developments in the radio field. The site of the proposed furniture mart is next door to Atlanta's Biltmore Hotel, in which WSB, the Atlanta Journal's 50,000-watt radio station, is now located.

• **High Point Strikes Back**—While insisting that the proposed Atlanta mart would have but little effect upon their business, officials of the High Point mart apparently are more concerned about Atlanta's plans than they care to admit.

For instance, the High Point group has announced plans to make its next exposition the most elaborate in its history. The mart is temporarily suspended because Office of Demobilization records are now occupying the building.

• **Fight to the Finish**—It is generally agreed in the furniture trade that there is not room for two such markets in the South, hence a fight to the finish may be expected between the two cities.

Proponents of the Atlanta mart, who



## "SEA DEMONS THAT WALK ON LAND"



DRAWN FROM OFFICIAL MARINE CORPS COMBAT PHOTOGRAPHS

THE Marines landed on Guadalcanal first with amphibious tractors, called "Alligators" by these fighters, and to the Japs it was a terrifying sight. They broke and fled and Tokyo dispatches the next day told of "sea demons that walk on land." . . . In every landing operation since, "Alligators" have contributed to Allied successes. They land men and materials, carry them directly to the combat zone and then rush to sea for another load. The "Alligator" is as much at home on land as it is in the water and it has proved to be a most formidable offensive weapon.



Graham-Paige makes these huge amphibious landing vehicles. Among other important Graham-Paige contributions to the Armed Forces are precision components for aircraft engines, PT Boat engines and naval torpedoes.



# IF YOU -- had a chance

to step into a better job

## WOULD YOU BE PREPARED?

These are times of change in the business world. New jobs are opening up, and they must be filled, and filled quickly—with men who are able. Here are books giving quick access to fundamentals and practices that promote executive efficiency to help you prepare yourself so that when your opportunity comes, you will be ready.

### This is a business executive's library

THE books in it cover the elements and methods of management most needed in executive approach to business. Use it for immediate help in specific problems, small and large—also, to master the patterns underlying methods, to get the knowledge of all business you need quickly now.

The need for this sort of help, and the most practical means of meeting it, have been the only standards by which Milton Wright has sifted and chosen material and organized it, in this Library. From it you can get the guideposts you need in tackling new duties, in assuming executive responsibilities, in knowing the job and getting it done.

### The LIBRARY OF BUSINESS MANAGEMENT

6 vols., 1973 pages

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- How to keep the life-blood flowing in business . . . where and how to get money . . . how to utilize it . . . how to keep the business in sound financial condition.
- How to reduce credit losses . . . handle the important elements of credit policy . . . modernize your collection system . . . write better letters . . .
- How to lay out a working organization . . . marketing methods . . . improve the sales organization . . . develop promotion ideas . . . stimulate results in any of the several avenues of marketing.
- How to do more work yourself . . . conserve and direct your energies . . . and how to handle scores of problems, small and large, detailed aspects of these important fields of business activity.

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Send me Milton Wright's LIBRARY OF BUSINESS  
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\$3.00 monthly until \$15.00 is paid, or return the books  
postpaid. (To insure prompt shipment write plainly  
and fill in all lines.)

Name .....  
Address .....  
City and State .....  
Position .....  
Company .....  
BW 7-1-44



### QUIET NYLON SALE

Without the tumult usually stirred up by sales of practically nonexistent nylon stockings (BW—Feb. 12 '44, p82), Uncle Sam sells 4,800 pairs. With almost 10,000 women on hand long before it started, this sale at Greensboro, N. C., last week could

have become a riot. But officials allowed them to buy only in small groups—limiting each person to three pairs at OPA prices ranging from \$1 to \$1.65. Lasting only an hour, the sale satisfied orders by the government which had seized the stockings on grounds that they were woven out of stolen nylon—for the black market.

### CURBS VITAMIN SALES

The current fight between druggists and grocers as to what merchandise lies in the exclusive province of each broke out afresh last week when the Attorney General of New York State ruled that concentrated vitamins may be sold only by pharmacists in that state.

New York grocers—about 5,000 of whom have been doing a substantial business in vitamins—were quick to threaten a court test of the interpretation of the law. The ruling affects only about one-sixth of the state's food stores, but numerous other retail outlets have sold vitamins as a side line for some time.

Food retailers generally do not believe that this particular fight will reach nationwide proportions, inasmuch as the grocery industry in general is not so interested in vitamin sales now as it was a year or so ago. The grocers have learned that so-called "ethical" brands of vitamins are outselling the popular advertised brands usually found on grocers' shelves. And a survey by one national food chain revealed that 60% of the consumers who buy vitamin concentrates do so on a doctor's order. As for the druggists, a report by the New York Trust Co. shows that every

# HERE'S HOW BUSINESSMEN RATE NEW YORK STATE



You are planning now for the postwar period. Here are facts, revealed in a poll of New York State manufacturers, of real importance to you. Unbiased opinions, of men who know from years of practical experience, rate New York as a good State in which to do business.



**91%** give approval to New York for the availability of *raw and semi-processed materials*—both those produced in the State and those imported from all the world.



**92%** endorse New York's unexcelled and diversified *transportation system*—railway and truck transportation plus waterway and port facilities that give it a time and rate advantage in shipping to mass markets.



**92%** like the *cooperativeness* of New York State labor. In 1943 New York lost fewer manhours due to strikes than any other industrial State.



**97%** praise New York as a *market*. Over a quarter of the nation's population and a third of the retail sales right at hand put the nation's number one market at industry's doorstep in the Empire State.



**92%** approve the service and cost of the State's electric, water and gas *utilities*. New York is the nation's number one powerhouse, with continuity, flexibility and low cost of service.



**91%** give an O.K. to New York for the service and cost of *fuel*—coal, oil and gas.

## How You Can Capitalize On These Advantages

With such a favorable economic environment, New York State should be considered in your postwar plans. Wherever you are located, the State Department of Commerce can help you. We can assist you on plant locations; supply information on manpower; get you a preview of taxes for a new enterprise; give technical service on new materials and new products; help promote opportunities in foreign trade.



## NEW YORK MEANS BUSINESS

## Accept This Informative Book

The services we can render are fully described in our new book "New York Means Business." In it business men tell in their own words their experience with labor, transportation, markets and other factors of doing business in New York. Send for your copy on your business letterhead.

ADDRESS: M. P. CATHERWOOD

COMMISSIONER

NEW YORK STATE DEPARTMENT OF COMMERCE,

ALBANY 1, NEW YORK



# Fits perfectly in narrow spaces

On 8", 9" or 10" H columns—in restricted space between windows—in locations not wide enough for a standard panelboard—the



## Type AC Thermag Circuit Breaker COLUMN TYPE PANELBOARD

is ideal . . . Built of standardized units, the 12 Column Type Panelboard affords automatic protection against short circuit or dangerous overload, and prevents interruption of service from momentary overload.

The combination of the time-tried Thermal trip with the new Magnetic trip, in the individual circuit breakers, assures this double protection. On harmless, momentary overload, the time lag characteristics of the thermal element prevent interruption of service, but trip on sustained, harmful overload. On short circuit, the magnetic element causes faster tripping.

Furnished for either single phase, 3-wire, 115-230 volt, or three phase, 4-wire, 120-208 volt solid neutral service—4 to 42 single pole branch circuits . . . Write for Bulletin 67 . . . Frank Adam Electric Company, Box 357, St. Louis 3, Missouri.

(Illustrated at left: Cat. No. NACIBC-3L10 — Column Type Panelboard, with Wire Duct and Pullbox.)



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If you're still using "ancient" methods for paging members of your organization—if you're using any method short of instant, speaking connections to all departments of your plant, you need BELL VOICE-PAGING EQUIPMENT: Voice-paging gets quicker attention and faster action, eliminates the need for keyed signals, avoids confusion, delivers the message in addition to paging the party. And with a BELL voice-paging system you can also broadcast announcements, special messages, news, instructions—and even recorded music.

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third customer in a drug store today buys a vitamin preparation of one sort or another.

## FILENE LOOKS TO TELEVISION

Retailers who never took to radio as an advertising medium are anxiously awaiting the day when they can promote their wares to the public via television (BW-Jun.17'44,p90).

Boston's No. 1 department store, William Filene's Sons Co. last week made sure of being in on the ground floor by forming a subsidiary, Filene Television, Inc.

The new corporation plans to file applications for postwar operation of both frequency modulation and television stations with the Federal Communications Commission—indicating that the store's interest in the world of tomorrow is not limited to its projected helicopter routes (BW-Oct.30'43,p92).

Like the Bamberger Broadcasting Co., owned by the Newark (N.J.) department store, Filene's new subsidiary will be operated as a separate enterprise, not as a part of the present retail business. The new company is empowered to establish theaters and studios, lease or construct buildings and experimental laboratories, and conduct programs for the education and the entertainment of the public.

## P. S.

Despite diminished whisky sales, Uncle Sam collected 64% more in liquor taxes in April, 1944, than in April, 1943, thanks to higher returns on imported distilled spirits (rum and gin) and enlarged floor stock taxes, both occasioned by the Apr. 1 increase of 50% in the excise tax rate. . . . Cooperation rather than competition in television still is the order of the day in the radio and motion picture industries, despite conflicting ambitions (BW-Jun.17'44, p90). RKO Television Corp. cameramen, sound crew, and technical crew are covering both the Republican and the Democratic conventions for the National Broadcasting Co.'s convention telecasts. . . . The drug industry attributes much of its wartime sales increase (up 55% since the start of the war) to expansion in self-medication resulting from the shortage of doctors. There are now more than 1,500 counties in the U. S. without a physician according to a report of New York Trust Co. . . . Mergers continue, and the co-ops are no exception. Currently negotiating are the three big northwestern regional consumer cooperatives: Midland Cooperative Wholesale, Central Co-op Wholesale, and Farmer's Union Central Exchange.

# LABOR

## Free Speech, Ltd.

An employer's right to express sentiments on union is still an issue, but imminent ruling promises new light.

Some of the troublesome problems that have plagued employers concerning their right to express opinions on the unionization of their employees should be clarified after the Third Circuit Court of Appeals hands down a decision in the case of Peter J. Schweitzer, Inc., vs. National Labor Relations Board.

The court heard argument in the case last month and is expected to give its decision before adjournment.

• **Considered Interference**—The so-called "free-speech-for-employers" issue has often arisen in connection with NLRB efforts to enforce Section 8 of the National Labor Relations (Wagner) Act forbidding employer interference with or domination of employee collective bargaining groups.

Management has been inclined to the view—and some recent court decisions would seem to lend it support—that the section runs counter to the Constitution which states that "Congress shall make no law . . . abridging the freedom of speech."

• **The Case at Issue**—In compliance with NLRB order, Schweitzer issued a statement to its employees in which it agreed to abide by the results of a NLRB election in its paper products plant, but a preference was clearly implied for continuing unorganized.

The statement was almost an exact replica of one made by the employer in the American Tube Bending Co. case, which a circuit court held legal.

• **Will Set Bounds**—The Schweitzer company had no history of antiunionism, but during the time a NLRB election was in process, foremen allegedly made threats that any worker joining the union would be fired.

The case provides a clear test of the exact limits to which an employer may go in giving expression to his feelings on employee organization. An appeal to the U. S. Supreme Court is the likely final end to an argument of long-standing.

• **Act's Intent in Question**—Since the passage of the act, there has been a welter of cases on the free-speech-for-employers subject. NLRB has con-

sistently maintained that any expression of antiunion sentiment by management concerning employee organization was counter to the intent of the act.

Back in 1938 when a special committee of the Senate was investigating the NLRB, the then Chairman J. Warren Madden stated that even to identify a known Communist as a Communist might under certain circumstances be an unfair labor practice.

• **Famous Precedents**—Court decisions in two famous labor law cases—Virginia Electric & Power Co. vs. NLRB (BW—Dec. 27 '41, p8) and Ford Motor Co. vs. NLRB (BW—Oct. 12 '40, p53)—set a pattern for settlement of the free speech issue for several years. In both instances, the courts held that antiunion statements and speeches by an employer were illegal.

The courts found that these two companies had long histories of antiunion activities, and a "whole congeries of events" were adjudged to add up to employer intimidation and coercion of workers in their right to join an organization of their own choosing.

• **High Court's Language**—When the Virginia Power case was before the U. S. Supreme Court, Justice Frank Murphy stated:

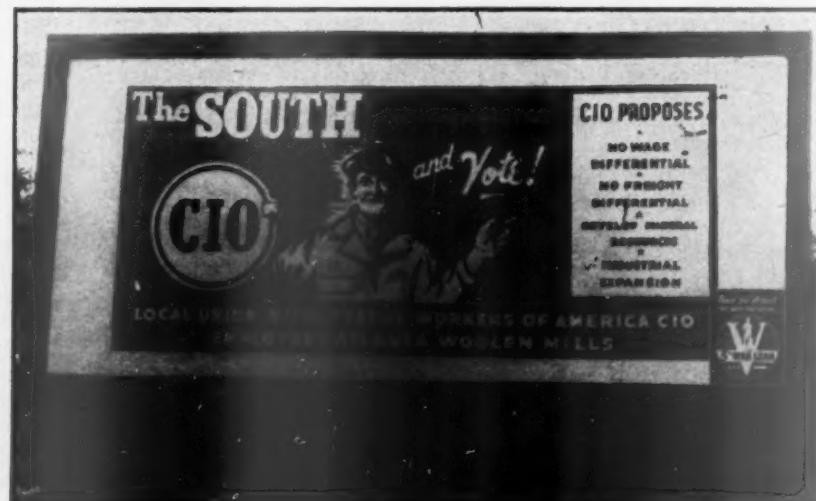
The employer in this case is as free now

as ever to take any side it may choose. . . . In determining whether a course of conduct amounts to restraint or coercion, pressure exerted vocally by an employer may no more be disregarded than pressure exerted in other ways. For slight suggestions as to the employer's choice between unions may have telling effect among men who know the consequences of incurring that employer's strong displeasure.

• **Calm Broken**—The comparative quiet that had pervaded this section of the legal front since the Virginia Power decision was disrupted last fall when a refusal of the Supreme Court to consider the case of American Tube Bending Co. vs. NLRB was widely interpreted as upholding a circuit court decision and thereby reversing the Supreme Court's former stand. Thus was upheld the right of R. W. Jones, Jr., president of American Tube, to profess himself willing to abide by the results of a NLRB election without concealing his preference that his employees forego unionism entirely.

• **Ambiguities Remain**—Largely overlooked at the time, however, was the fact that on the same decision day that the Supreme Court refused to hear the American Tube case, it declined to consider Trojan Powder Co. vs. NLRB which turned on substantially the same set of circumstances as had the previous Virginia Power and Ford cases but which a lower court had decided against the employer.

NLRB attorneys apparently did not



### HELP FROM LABOR

Southern industry and Georgia's Gov. Ellis Arnall have C.I.O. backing in their battle to break North-South freight rate differentials (BW—Jun. 25 '44, p41). Having adopted the rate case as its No. 2 plank in a platform

for organizing the South, the union wages a billboard campaign in Atlanta. Georgia recently accorded its labor ally an official welcome by distributing photographs of the C.I.O. sign at Interstate Commerce Commission hearings on proposed rate adjustments (BW—Jun. 24 '44, p7).



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This new name implies a wider field of service for our organization. It gives evidence of another step in our expansion program . . . and of a definite plan to provide Business with better machines and systems so that mailrooms and other departments may function with greater simplicity and speed.

New machines have taken shape on our designing boards and new business control systems are in the making . . . ready for the day when materials and manpower are once more available. Look to COMMERCIAL CONTROLS CORPORATION for the office controls you'll surely need to handle your postwar business.

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agree with the general deduction as to the Supreme Court's position, and the board has continued to operate on the theory that the rights of free speech are qualified and not absolute.

• **Confusion Created** — Considerable confusion in employers' minds and a flood of legal set-tos have developed from the different interpretations.

Within the past six weeks there have been three cases illustrating the divergent opinion. In the E. G. Budd Mfg. Co. case (BW-May 10 '44, p94), a circuit court followed the pattern set by the American Tube Bending case by reversing an NLRB order and upholding the employer's right to express his views.

In contrast, another circuit court upheld the NLRB in finding that the M. E. Blatt Co., Atlantic City department store, was guilty of an antilabor practice in connection with a statement issued to employees. And the circuit court in Cincinnati, Ohio, ruled that the owner of Brown-Brockmeyer Co., Dayton, had a right to express his hostility to a union—even though his statements were factually inaccurate—because he was found to be stating his honest belief.

## Reformer Rebuff

Southern groups seeking labor controls get setback in two states. Unions, with Catholic aid, join fight.

Efforts by state legislatures to hamstring the growing organized labor movement in the antionion strongholds of the South met with rebuffs recently in Florida and Louisiana.

Since these setbacks followed on the heels of the Alabama Supreme Court decision upholding principal points of that state's antilabor legislation but leaving wide loopholes for further action by labor lawyers (BW-Jun. 3 '44, p100), unions in the South think that they may have arrested a threatening trend.

• **Louisiana Action**—A committee from the Louisiana Legislature, studying antilabor legislation sought by the Christian-American, Inc., heard labor groups and prominent Catholic leaders, then voted down all suggested controls.

Amid undercurrents of speculation about new control moves forthcoming soon in the legislative halls at Baton Rouge, Louisiana's C.I.O. Political Action Committee in New Orleans pledged a continuing vigilance, and Catholic organizations called for united labor efforts to safeguard "workers' rights."

• **NLRB Vetoes Florida**—The Florida rebuff came when the National Labor Relations Board, ruling in the case of Eppinger & Russell, a Jacksonville company, asserted that employers are not

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Strongest of all was the appeal of R. J. Thomas, president of the United Automobile Workers, to members of his union:

"Our union cannot survive if the nation and our soldiers believe that we are obstructing the war effort . . . there can be no such thing as legitimate picket lines . . . I appeal to our membership. If you value your union, if you want to live and serve after the war, we must restrain ourselves and our hot-headed brothers today. If we do not, there will be no union after the war."

Union officers are entitled to vigorous support from management and government in their efforts to prevent strikes. Behind many a strike is an accumulation of unsettled grievances. Managements are overworked, and many union shop stewards are new and inexperienced and do not always do their part in turning down cases which lack merit. Both of these conditions make it easy for large backlogs of unsettled grievances to pile up. A special drive to clean up unsettled cases and to prevent new accumulations of them is one way by which managements and local union officials can help shorten the war.

The government too has a contribution to make to the prevention of strikes—both through the prompt disposal of disputes and through firm action against the leaders of strikes. The National War Labor Board and the Regional Boards are disposing of over five thousand cases a month and have made an excellent record in reducing their backlogs. Nevertheless, the boards still have many old cases; and about one out of four strikes has been an effort to get action from one of the labor boards. The boards are entitled to cooperation from employers and unions in keeping down their docket. In instance after instance, cases are dumped in the lap of the board before the union and employer have made a real effort to get a meeting of minds and to work out settlements.

In the present emergency, strikes are an expression of the lack of adequate understanding and team work between unions and management. Any future great upsurge in industrial strife likewise will be due to misunderstanding. After this war this country must not go through another "1919" when the time lost from strikes reached an all-time high. With 13 million workers, or almost half of the non-salaried employees of the country, in trade unions, the power and prestige of unions is greater than ever. *The long-run prosperity of the country requires that business and labor learn how to cooperate in supporting the policies which produce the largest possible profits and the largest possible payrolls.*

Although business is primarily interested in the largest possible profits, and labor is primarily interested in the largest possible payrolls, both objectives call for the same basic conditions. Payrolls depend upon the prospects for profits. If bad relations between business and labor or unwise public policies cause employers to take a pessimistic view of the outlook for profits, both employment and payrolls will be depressed.

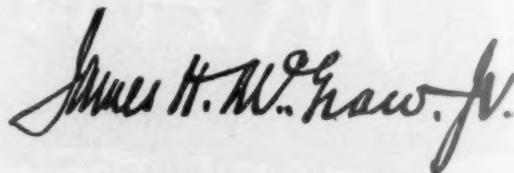
Individual unions and individual employers always will have differences over wages and hours and the status

of labor in particular plants or in particular occupations. Some disputes on such issues are inevitable, but resort to arbitration and calm intelligence can help greatly in avoiding strikes in the long run. Cooperation between labor and management is an economic necessity. In our kind of economy, payrolls and profits both depend upon the *willingness and the ability of business and labor to work together in creating the conditions under which enterprise flourishes.*

The foundation for intelligent and effective cooperation must be accomplished by skillful and imaginative managers in plants throughout the country who are willing to help unions with their problems, and who are able to interest union leaders and their members in the problems of business. Union members and their leaders are keenly interested as a rule in the efforts of management to win new markets. They know that jobs depend upon the success of managements in improving the product, adding new items to the line, and, less frequently, cutting costs and prices. Employees like to be kept informed about what management is doing, what problems it is meeting, and what success it is having. Most of all, they like to have an opportunity to contribute their ideas and suggestions.

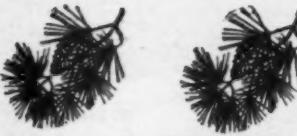
The recent epidemic of strikes should not blind us to the fact that even today there are more plants where managements and unions are on good terms than ever before in the country's history. Consider, on the one hand, the extensive and constantly growing efforts of unions to train and develop shop stewards and, on the other hand, the efforts of employers to teach foremen how to carry out the new responsibilities imposed upon them by union agreements. Unions and managements together are learning how to operate together such technical devices as time study and job evaluation. Managements which, several years ago, opposed the provision of umpires to interpret union agreements and to settle deadlocked cases today are taking the lead in suggesting such arrangements.

The war is reaching a crisis, and all groups in the country must be aware as never before of their common interests. This presents an opportunity which should be seized to lay the permanent foundations for more effective team work in American industry. Let history record that the days when Europe was being liberated also were the days when unions and employers were making unprecedented progress in preparing American industry for the return of the service men by developing policies of cooperation between business and unions. Such cooperation will help achieve a peace worthy of our efforts and our sacrifices.



President, McGraw-Hill Publishing Company, Inc.

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relieved of their duty to bargain with unions simply because a state legislature passes antilabor control laws.

NLRB held that Congress did not intend to subject federal law "to the varied and perhaps conflicting provisions of state enactments."

• License Demanded—In the case involved, Eppinger & Russell refused to bargain with a duly certified union because the union representatives had not been "licensed as required by state law."

NLRB ruled that the company's refusal was an unfair labor practice under the National Labor Relations Act, and ordered the company to bargain with the C.I.O.

## The C.I.O. Padre

Priest emerges from the stormy New Orleans strikes to become a national crusader for right-wing unions.

Out of the clash of interests precipitated in the Deep South by C.I.O.'s invasion of the region's new and old industries, one striking personality has emerged. He is neither an industry nor a union man. He is the Rev. Jerome A. Drolet, a Roman Catholic priest.

Next week, the New Orleans court is scheduled to pass on one piece of his handiwork—the legality of a blow aimed at Harry Bridges' union which involved the separation from Bridges' control of a local union of Negro warehousemen now affiliated with the bitterly competitive C.I.O. retail and wholesale union (BW—Oct. 9 '43, p.90).

• Praised and Denounced—Catholic priests have often distinguished themselves in labor-management affairs. The names of Bishop Francis J. Haas, Msgr. John A. Ryan, and Rev. John P. Boland—and perhaps a dozen others—are well-known in the field. But with no first rank exception, their work has been to stand between disputants in an effort to conciliate, mediate, or arbitrate.

But Father Drolet, associate pastor at St. Mathias' Church in New Orleans, is a different type. The Louisiana Assn. of Manufacturers has protested his activities to his archbishop only to have Papal Encyclicals on labor cited: left-wing C.I.O. officials, like Harry Bridges and Michael Quill, have denounced him publicly as a "union buster," and right-wing C.I.O. groups, notably the textile and retail-wholesale unions, laud him in terms of unrestrained praise.

• In Seamen's Strike—The official C.I.O. attitude toward Father Drolet was considered to have been bespoken

is week in a front page article in the CIO News which gave him a major share of the credit for beating attempts of the Christian-American, Inc., and certain employer organizations to lobby antiunion statutes through the Louisiana legislature (page 94).

Ordained to the priesthood in 1936 (he is now in his middle thirties), Father Drolet was the leading figure in a bitter New Orleans seamen's strike, saying mass for the strikers, frequenting union headquarters, and walking on the picket line, within six months after he put on the cloth.

**Effective Ally**—By 1937, regardless of how he thought of himself, the priest was considered by C.I.O. officials to be one of their most effective allies and, in their minds at least, he had the status of an organizer.

Father Drolet quickly learned the ins and outs of union factionalism.

**Right-Wing Loyalty**—Up until March, 1939, he was making speeches and delivering sermons in a blanket defense of the C.I.O. against charges that it was a Communist-dominated organization.

Very shortly thereafter, however, he went sour on Bridges' longshoremen, Quill's transport workers, and Joseph Curran's sailors, and some of his erstwhile associates began calling him a "red baiter."

But he remained loyal to the right-wing C.I.O. organizations, and it was



Father Jerome Drolet is an outspoken friend of the C.I.O., a militant foe of communism, and a problem to some New Orleans employers.



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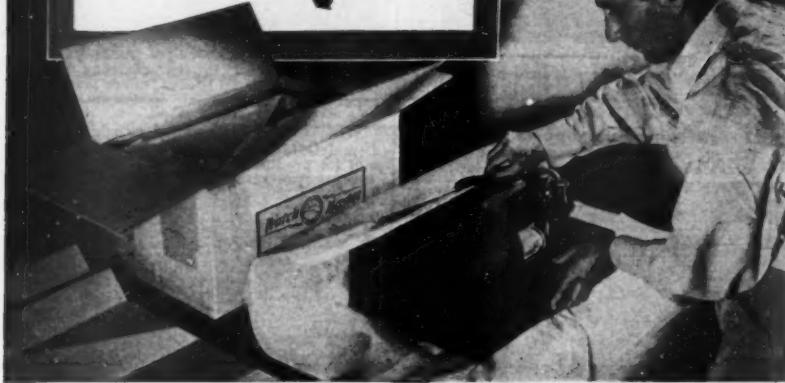
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## LABOR IN PRICE ACT

The last knot which Congress put in the long tail it tied to the renewed price control act (page 15) was a provision affecting prices only remotely.

Getting a labor clause attached to such obviously irrelevant legislation is a tribute to the power and adroitness of the railway brotherhood lobby, one of the shrewdest in an environment where there are few amateurs. The railroad labor boys preferred not to wait until a more appropriate bill came along before providing themselves with the protection they wanted against a repetition of the merry-go-round ride which made them dizzy last December when President Roosevelt shortcut established rules, and personally intervened in the railway wage dispute.

The provision they shoehorned into the stabilization act of 1944 provides that procedures written into the Railway Labor Act of 1944 be followed in settling all future disputes.

his militant selectivity which first brought him to national notice.

• Fought Bridges' Control—The young priest's appearance on the larger stage resulted from his active participation in switching a local union of Negro warehousemen from Bridges' union to its C.I.O. rival, the United Retail, Wholesale, & Department Store Employees—although his role in the jurisdictional scrap was only subsequently revealed (BW—Oct. 9 '43, p.90).

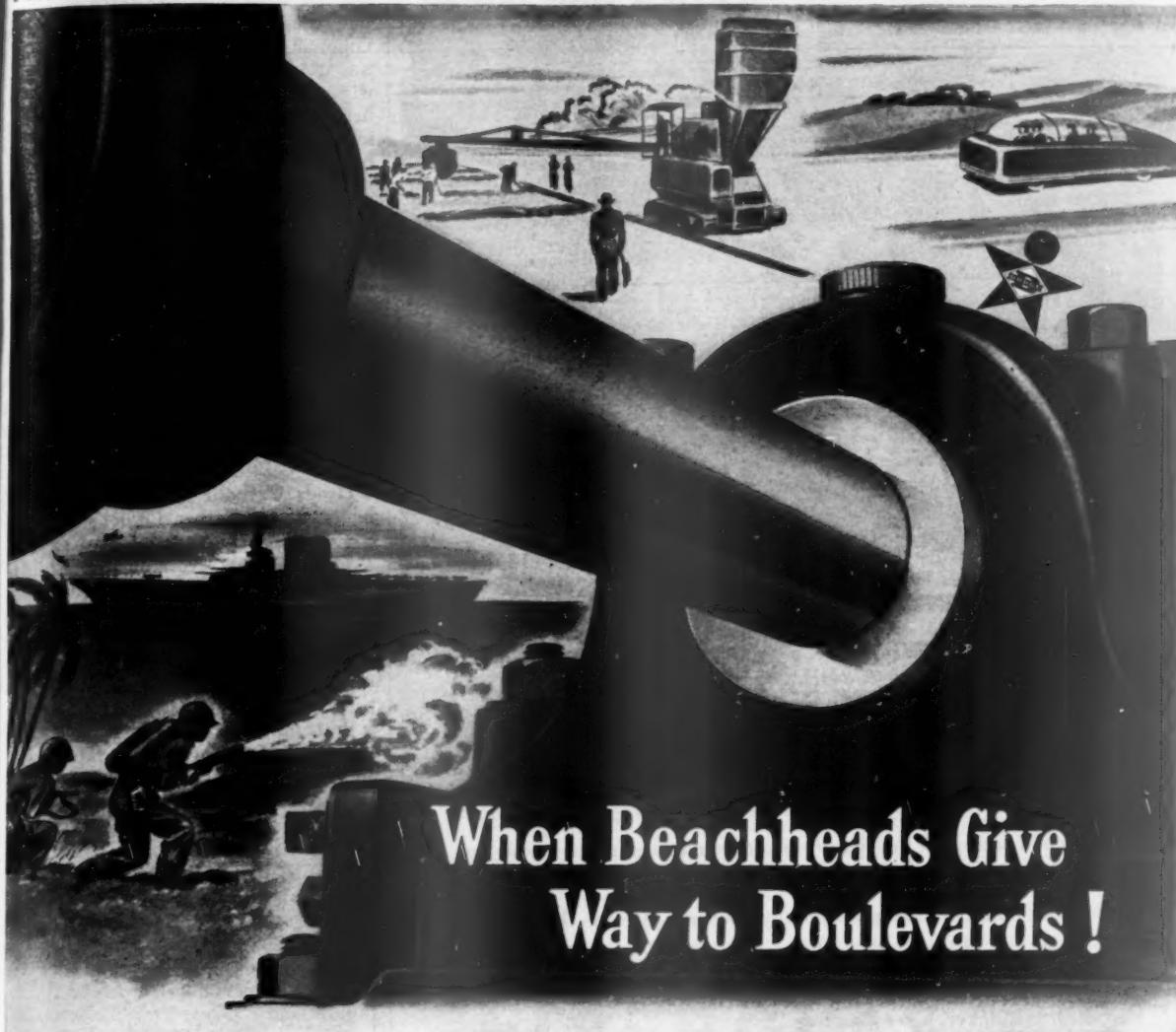
In arranging for support for the warehousemen, Father Drolet traveled to Washington and New York, met Philip Murray, James Carey, Samuel Wolchok, and other topside labor leaders. Since his return his activities have spread over Louisiana, and into Texas, Alabama, and Georgia.

• Widely Quoted—Father Drolet writes a column for a New Orleans labor paper which is widely republished in the U. S. labor press.

In much of his writing and public speaking, the priest finds sanction for standard labor demands, such as the union shop, in the Christian ethic, and Catholic church pronouncements. On such subjects as the poll tax and Negro rights, his language and activities come close to paralleling lay practices made familiar by militant agitational groups like the C.I.O.

• Sermon for Carey—Perhaps the most dramatic incident in his career thus far

TRANSMISSIONEERED MEANS ADVANCED DESIGN IN POWER DRIVES



## When Beachheads Give Way to Boulevards!

Another "D-Day" — Demobilization Day — will come, and many a plant . . . whether it has to reconvert or goes on without product changes . . . will find that its power drives need a complete overhauling. "Burning the candle at both ends" . . . working 24 hours a day . . . with maintenance and replacements cut to a minimum leaves any type of equipment something less than 100% effective.

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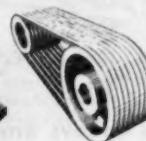


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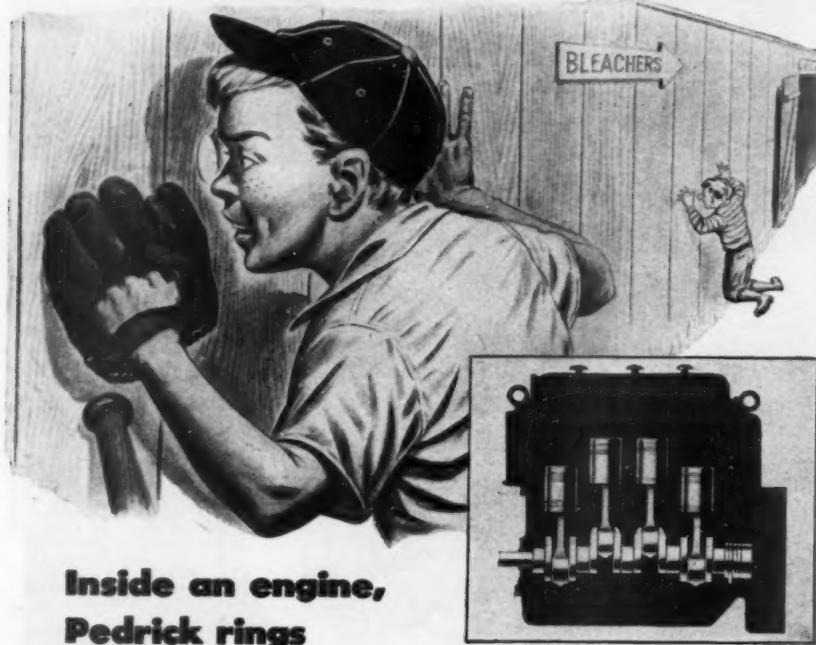
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**Inside an engine,  
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**Pedrick**  
*precisioneered* **PISTON RINGS**

\* \* \* WAR BONDS IMPROVE WITH AGE . . . HOLD ON TO THEM \* \* \*

was his celebration of a mass and delivery of a sermon on the death of Philip Carey, agent for the National Maritime Union C.I.O. in New Orleans, who was murdered in 1939 in a virtual war with the A.F.L. Some labor men who heard the sermon call it the most rousing organizing speech they have ever heard.

It was shortly after this that Father Drolet's superior, Archbishop Joseph F. Rummel of New Orleans, sent him to the labor school for priests at Washington's Catholic University, and the impression was general that a too-zealous cleric had been damped down by his superior. But it was soon apparent that this was not the case. The priest practically commuted between Washington and the Delta country, maintaining a vigorous, participating interest in furthering C.I.O. projects.

• **Heads Catholic Unionists**—As could be expected, Father Drolet's activities have not remained a one-man affair.

He has taken over the leadership of the New Orleans Assn. of Catholic Trade Unionists, an important unit in the growing, national A.C.T.U. His views and influence are spreading rapidly through Catholic labor circles throughout the country.

• **Problem to Labor Foes**—As long as Father Drolet continues to function in the South, antiunion industry there knows it has more than professional union organizers to contend with.

### ANGER IN THE WOODS

Rumblings of rank-and-file plans for a strike vote were heard in the woods of the Northwest last week after the National War Labor Board again refused wage increases for some 60,000 lumbermen (BW—May 27 '44, p.100).

Leaders of A.F.L. and C.I.O. unions in which the workers are organized expressed "sincere hope" that there would be no stoppage of work, but no one could doubt that the lumbermen were getting riled. A year and a half ago they first sought to get their 80¢ to 90¢ an hour minimum wages hoisted to levels commensurate with pay scales of other war industries in the area. A.F.L. asked for an increase to \$1.05 an hour, and C.I.O. sought to have the minimum set at \$1.02½.

Last spring when NWLB, acting through its West Coast Lumber Commission, first denied their claims, there was a flurry of spontaneous strikes throughout Washington, Oregon, Idaho, Montana, and California, which paralyzed 30% to 40% of the industry for three weeks. It was estimated that approximately 125,000,000 b. ft. of lumber were lost to the war effort because of the shutdowns.

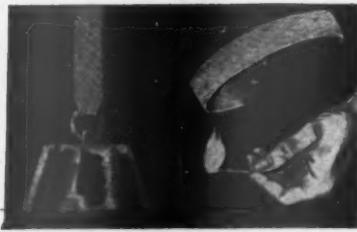
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into strong, pliable yarns and tying cords, or woven into tapes, braids and cloths. In these textile forms, Fiberglas provides a thin, flexible fabric base for the insulating impregnants that are essential to all electric motors, generators and other apparatus.

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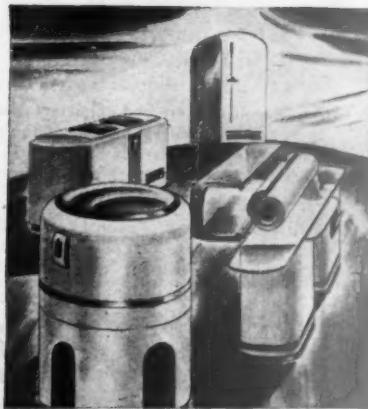
# FIBERGLAS

\*T. M. Reg. U. S. Pat. Off.

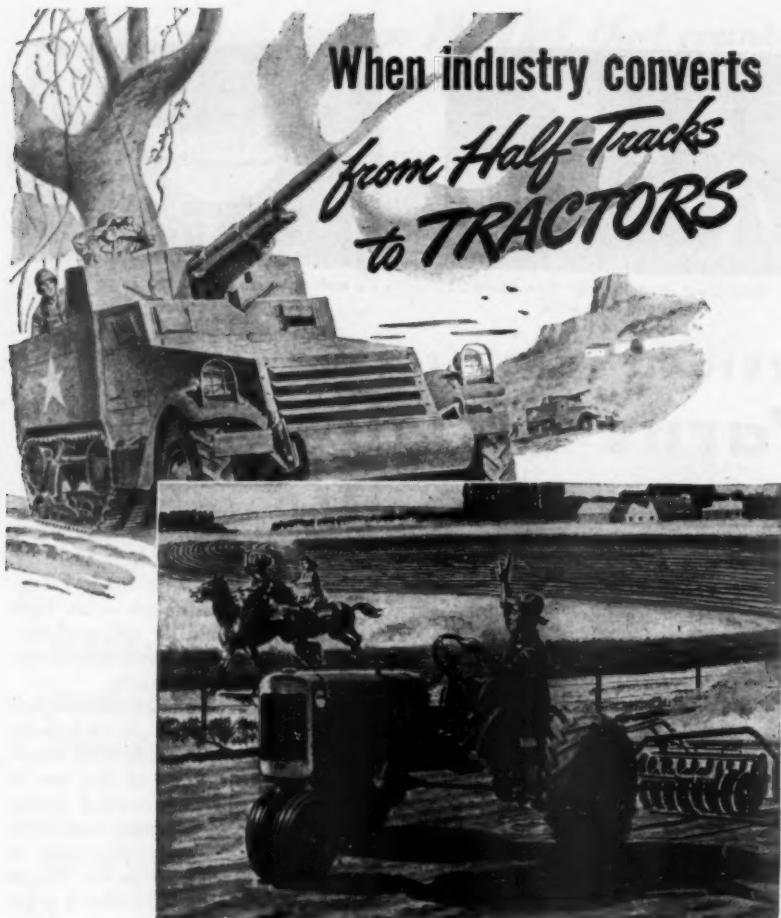
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## Union Challenge

C.I.O. division takes on  
A.F.L. teamsters at Detroit in  
fight that threatens to upset  
traditional labor pattern.

Through its fledgling Dairy Bakery Cereal & Food Workers Division, C.I.O.'s United Retail, Wholesale & Department Store Employees (famous as the Montgomery Ward union) is moving into labor-stormy Detroit to challenge one of the toughest of the A.F.L. affiliates, the Teamsters Union. But because the fight threatens established labor patterns, it is of far greater significance than the immediate issue.

• **Marking Time**—The division won the first round a month ago by sweeping a bargaining election at Dossin's Food Products Co., but as yet it has not won a contract from Dossin's, nor is it likely to do so without a bitter reaction from the teamsters. Meanwhile, neither side is making a move.

The fight for bargaining rights at Dossin's began with a short strike last year, but did not really make news until this spring, when slippings and picketing began to mark a new walkout called in February by the D.B.C.&F.W.

• **Says Men Were Planted**—The C.I.O. division struck to protest discharge of four of its members at Dossin's. The discharges, it claimed, were at the behest of the Teamsters Union, holder of a closed shop contract covering about 150 drivers. The teamsters retorted by saying that the four men had been planted by the C.I.O. to stir up trouble.

Deliveries of Pepsi-Cola, principal Dossin product, continued while efforts to obtain an election dragged before the National Labor Relations Board. Then the "soda pop strike" at Chrysler's Highland Park Plant (BW-May 27 '44, p102) resulted when a Dossin A.F.L. driver was ejected from the C.I.O.-controlled factory while trying to deliver Pepsi-Cola. An election was arranged quickly.

• **Embargo Threat**—The vote, 125 to 7, was a lopsided victory for the C.I.O. division. Immediately the teamsters put Dossin's on notice that their contract continued until next March, and any moves to negotiate with the C.I.O. would result in a teamster embargo on all shipments to and from Dossin's.

The A.F.L. union maintained that the vote was meaningless as its members had transferred to essential jobs and so could not take part in the voting.

• **Waiting for Action**—By themselves the 150-odd Dossin drivers do not constitute a good union catch for either

group. What actually is involved are many thousands of other truck drivers working for Detroit soft drink distributors, bakeries, dairies.

On-the-fence drivers are standing by waiting to see what happens. The union winner there will sign up many of them. If the Teamsters Union comes out on top, it will be able to bite also into the hold of the C.I.O. United Dairy Workers Union (a section of the D.B.C. & F.W.) on creamery wagon drivers. If the C.I.O. food workers get a contract, they will be a step closer toward moving into the brewery bailiwicks of the Teamsters Union.

• NLRB's Next Move—Both sides are watching to see whether and when the NLRB will order Dossin's to start contract negotiations with the victorious D.B.C. & F.W. The company's stand is that it has a contract in existence with the teamsters, one of seven years' duration, and that it is therefore unable to negotiate another one.

But if NLRB orders Dossin's to begin negotiations, the Teamsters Union will make good on its embargo threat. That would start the jurisdictional battle in active motion, and no one involved anticipates any quick settlement.

## Fewer Junkets

Inter-regional tours to recruit workers are put under strict WMC control and will be used only as last resort.

Employers may no longer engage in long-distance recruiting of labor on their own responsibility. The War Manpower Commission has announced that after July 1, effective date of the priority referral system, inter-regional recruitment of workers will be permitted only as a last resort. Even then, WMC will keep an eye peeled to see that strict rules of procedure are followed.

• Ten Requirements—Each WMC director originating an order for recruitment outside of his own area must certify to Washington that:

(1) The employer is making full use of his present force.

(2) Local labor supplies have been exhausted.

(3) The shortage is hindering war production.

(4) The employer needs the full number of workers requested.

(5) The specifications represent the minimum requirements and wages for the job.

(6) U. S. Employment Service will arrange the itinerary and, if necessary, the employer will pay for advertising at the recruitment points.

(7) Any necessary medical examinations



## "Baby's Kicked Her Covers Off!"

TODAY'S ULTRA-MODERN MOTHERS will probably be considered quite old-fashioned by their daughters. Electronic wonders, without number, will ease life for daughter and granddaughter—television in the home being not the least.

But nearly all the wonders of tomorrow will need one vital ingredient—precision. Without precision, television would blur, fine instruments would fail.

Precision, once the costliest of ingredients, has itself undergone modernizing. Today, our service looks back 30

years not merely on the production of faultless precision parts—but on the mass-production of such parts at low cost.

Like many producers for the war effort, we have completed the initial phase of our war program and, to a limited extent, readjustments now make it possible for us to invite inquiries for future requirements of precision parts.

(Below) A few of the many thousands of our precision-made parts that are helping bring Victory closer.

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A quick guide for better results for any one in charge of meetings aimed to gain understanding and acceptance of ideas and to encourage action based upon them. In 49 to-the-point chapters, this book covers all aspects of planning, staging, and leading meetings—with many practical pointers, valuable tricks of the trade drawn from thirty years' experience.

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• how to make it easy for the audience to follow the meeting.

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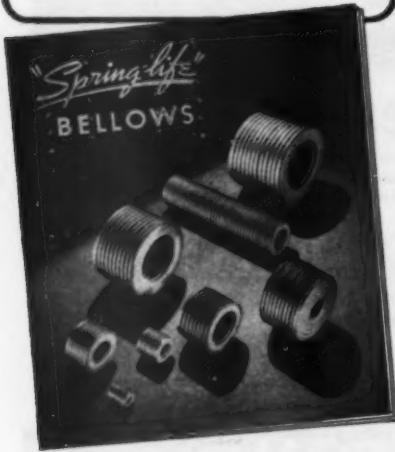
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# OPENING NEW FIELDS FOR METAL BELLows APPLICATIONS



Cook's engineering of metal bellows and the "Spring-life" method of construction has indeed opened new fields of applications for engineers. Today, "Spring-life" bellows are used in many applications by engineers who previously have said "a bellows won't do." "Spring-life" offers these advantages:

- 1 Choice of Metals . . . "Spring-life" construction permits the use of tinned phosphor bronze, brass, copper, beryllium copper, stainless steel, steel, Monel, Inconel and nickel silver. This gives the user a selection of metals to meet all the ordinary corrosive conditions.
- 2 Unlimited Outside Diameters and Length.
- 3 Wide Range of Sensitivity.
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- 5 Uniform Movement.
- 6 Longer Life . . . Extensive life tests have proven that 600 million flexures cannot weaken "Spring-life" Bellows of phosphor bronze construction.

Illustrated above is the cover of the new "Spring-life" bellows catalog. This new, 44 page book presents the complete story of "Spring-life" Bellows, and is available on request. It tells all about "Spring-life" Bellows, including their characteristics, construction, application plus data charts and other valuable information to assist engineers in determining bellows requirements.

Address the "Spring-Life" Bellows Division  
of



will be given at the employer's expense. If they are made at the job location, the employer will provide return transportation for rejected workers.

(8) The employer will pay transportation costs if it is considered necessary for successful recruitment of workers.

(9) Unless there is just cause for non-acceptance of a worker, the employer will provide return transportation.

(10) Housing facilities will be available for all workers recruited.

• **The Procedure**—Several steps are necessary before any inter-regional campaign can be undertaken. An employer must place an order with the nearest USES office, indicating job specifications and all conditions of employment. If the USES office cannot fill the order within a reasonable length of time, an area campaign may be launched.

Should this prove unproductive, the area director may refer the order to the WMC state office which will arrange more intensive recruitment within the state or refer the order to the regional WMC director. The regional director may then transfer the order to Washington, vouching that the ten conditions for launching an inter-regional campaign will be carried out.

## ALUMINUM CUTBACK

Further evidence that the supply of aluminum has outrun demand is contained in the announcement of the closing, as of July 1, of the government's \$25,000,000 alumina plant in Baton Rouge, La.

Operated by the Aluminum Ore Co., the plant was engaged in the primary process of aluminum production, processing bauxite into alumina. Pot lines in Long Island and Philadelphia began to shut down as long ago as last January (BW-Jan.8'44,p34), but closure of the Louisiana alumina plant indicates that the cutbacks are reaching through the entire industry.

Some 700 workers—all that remained of the 1,500 employed at peak production—were laid off over a period of 40 days. A War Manpower Commission office set up inside the plant immediately after WPB gave orders to halt production gave individual counsel to employees and acted as a clearing house for information on available war jobs in the area.

Only hitch in the proceedings was in placement of workers who had been draft-deferred because of the essential nature of the alumina industry. Prospective employers were uniformly hesitant about taking men who automatically would become 1-A again. WMC called a conference of state and local draft officials and persuaded them to await reports from new employers before reclassifying the men.



## FLAG FOR MUSKEGON

In the eyes of the War Manpower Commission, Muskegon, Mich., is a banner city. Presented to Edward Plunkett (left), city commissioner, by Edward Cushman, WMC director for Michigan, the first "manpower" flag—red and blue design on a white field—was awarded Muskegon for producing \$425,000,000 worth of war goods in 1943. Similar ones will go to other cities that WMC thinks have been outstanding in handling community production and manpower problems.

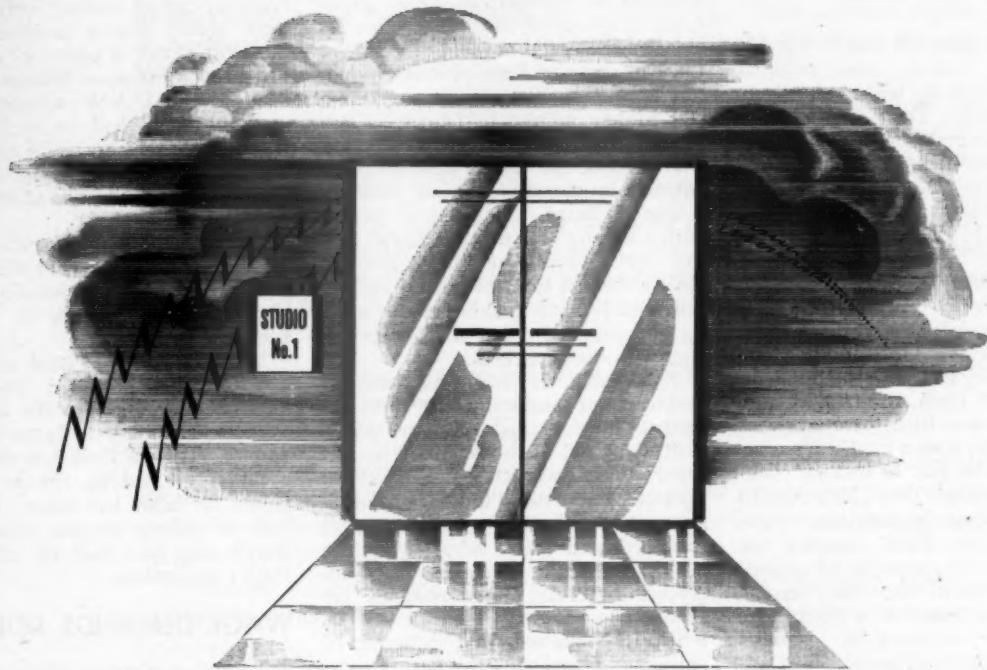
## BRIDGES LOSES A ROUND

Harry Bridges' long-drawn-out struggle to avoid deportation to Australia as an undesirable alien has moved a step closer to Washington and final decision by the U. S. Supreme Court.

The Ninth Circuit Court of Appeals in San Francisco this week rejected a plea of the West Coast longshoremen's leader to set aside a decision of a lower court denying him a writ of habeas corpus. Dividing three to two, the court held that the C.I.O. labor leader had been given a fair trial and that his constitutional rights had been safeguarded. A minority opinion questioned the validity of evidence in the case. Bridges is expected to appeal.

During a deportation hearing in 1941, former Judge Charles Sears of New York recommended sending Bridges back to his native Australia, but the Board of Immigration Appeals overruled his decision. Attorney General Francis Biddle in turn overruled the board on the grounds that Bridges had been a member of the Communist Party and that that organization advocated overthrow of the government.

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periences are summed up in amply illustrated guide-books, now on the presses.

"Planning Your Television Station" tells you how to have a low-cost telecast operation...describes the compact equipment units that make it possible for you to expand without replacement losses.

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# The Umpire Quits

Officially, Dash gives up G.M.-U.A.W. arbiter post for NWLB job, but Detroit hears of pressure from union.

A new occupant for one of the hot seats in the nation's labor relations theater will likely be named shortly to succeed G. Allan Dash, Jr., who resigned as of the end of June as impartial umpire between General Motors Corp. and the C.I.O. United Auto Workers Union. Selection of Dash's successor is said to be in the last stages of discussion.

• **Third in Three Years**—Applicants for the position, which pays approximately \$15,000 a year, will be a bit discouraged about the outlook for worry-free employment if they look into the problems which harassed Dash, third G. M. umpire in little more than three years.

Officially, the reason for Dash's resignation is that he quit to become chairman of the National War Labor Board's review committee. In addition, it was understood when Dash accepted the umpire job that he wanted to be relieved of it at the end of one year's service.

• **Rough Road Ahead**—But there were reports that rank-and-file protests against the penalties imposed by Dash

in accordance with the U.A.W.-G.M. contract were the final straws leading to his resignation at this time.

If his successor follows Dash's policies of hewing strictly to the contractual line, he will feel union pressure. If he slackens, General Motors as surely will protest strongly.

• **Served in Philadelphia**—Dash, previously chairman of the Philadelphia regional war labor board and professor at the University of Pennsylvania's Wharton School of Finance, became General Motors umpire in January, 1942.

He succeeded Dr. George W. Taylor, who resigned the thorny place to go to another as vice-chairman of NWLB.

• **Dockets Bulge**—The duties of the impartial umpire are strictly defined, having been reached in the agreement signed between General Motors and the union in June, 1940. He simply rules on grievances of either side in accordance with contract clauses.

Presumably he sets precedents in problems not specifically covered in the contract but for which solutions can be interpreted out of the general rules. In theory these precedents should reduce his work, but actually the dockets of all automotive industrial umpires are well crammed with cases which must be heard, but whose outcomes, based on precedent-making prior decisions, are apparent in advance.

• **Strikers Penalized**—The scattering of strikes since the first of this year in auto-

otive areas complicated Dash's problems. He was imposing penalties on wildcat strikers in line with contract provisos.

The rank-and-file members began to realize that their wildcat leaders were being discharged, while those in plants operating without an umpire were being forgiven, out of management and war labor agency desires to eliminate any incipient causes of added trouble.

• **Reuther Protests**—Walter Reuther, head of the U.A.W. General Motors section, finally had to recognize the rank-and-file pressure. He reacted during a case involving 14 wildcat strike leaders in an April walkout at the Pontiac motor plant.

Dash upheld management's discharge of four men and layoff of five as a disciplinary measure, and reduced, but did not eliminate, penalties on the other five.

With an insurgent local snapping at him, Reuther protested the decision bitterly, declaring that the union was actually paying a penalty for having an umpire. This in itself was regarded as a rather astonishing change of viewpoint, for labor has always taken the lead in seeking umpire arrangements. But it may have had an influence in Dash's resignation.

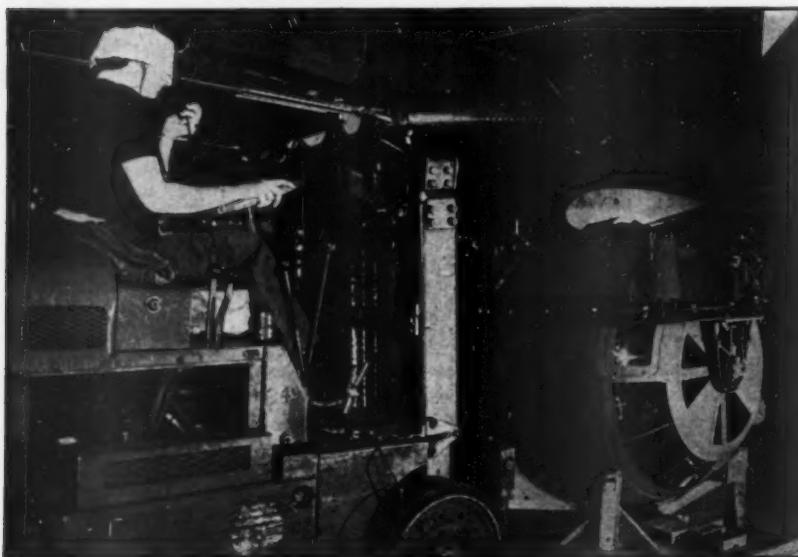
## WAGE DEMANDS REJECTED

A number of wage raise demands of 75,000 Chrysler employees have been turned down by the Detroit regional war labor board, and C.I.O.'s United Automobile Workers' Union is expected to petition for reconsideration at Detroit and for review in Washington by the National War Labor Board.

The regional board cited wartime stabilization policies as the reason for rejecting most of the demands, and delayed ruling on a union demand for a general wage raise after rejecting a guaranteed work-week demand, stating that it regards itself as a war agency unable with propriety to consider postwar problems.

It turned down an unemployment contingency fund proposal in line with a decision a few months ago which ruled that money set aside now, even though it is not paid until after the war, is "clearly a part of present compensation."

The union had some slight consolation in the board's decision on pay allowances in lieu of vacations. The board ruled some weeks ago, after the union requested an interim order, that the rate in lieu of vacations for workers of one-year seniority be raised from \$45 to \$54. Five-year workers were raised from \$95 to \$108. Chrysler has appealed this decision.



## VISIBILITY ZERO

Laura Brown has jockeyed so many ball turrets into B-17 bombers at Lockheed Aircraft that she can now do it blindfolded. She displays her skill in a literal demonstration for

fellow workers by placing a turret with only the aid of directions relayed to her earphones. Although the unit goes in with less than one inch clearance, and must align with 20 bolt holes, Miss Brown reports that "it's just like shooting fish in a bath tub."

# THE WAR AND BUSINESS ABROAD

BUSINESS WEEK

JULY 1, 1944



## The three-way squeeze on Axis-Europe is developing according to plan.

Don't look for a further cross-Channel blow from England until masses of equipment arrive through Cherbourg in Normandy. **Then you can expect a coordinated air and land push which will fan out behind Hitler's Atlantic Wall and set the stage for further landings.**

Russia's objectives in Finland are (1) Helsinki and full control of the Gulf of Finland, and (2) Petsamo and elimination of Nazi air and sea raiders along the Murmansk supply route. **The Red's Polish drive will develop into a dash for Berlin** (map, page 113), keyed to **Allied progress in the West**.

In the south, you can expect the Nazis to attempt a stand along the crooked spine of the Apennine Mountains, but **if the Allies choose that moment to launch their long-awaited attack along the Mediterranean, they could make this position untenable** (BW—Jun. 17'44, p17).

## Washington is rushing plans to initiate a much more vigorous Far Eastern policy in the near future.

A shakeup in the U. S. Embassy in Chungking is imminent.

The 50 U. S. agricultural, financial, industrial, and transportation experts already in China will quickly be augmented by at least that many more, in addition to the Army technicians now scattered through strategic territory not occupied by Japan.

Newest appointee is Dickson Reck, head of OPA's Standards Section, who will go to Chungking soon to set up a comprehensive standards program.

## Tangible results aren't expected at once from Vice-President Wallace's mission to China, but Washington regards it as highly important. Objectives:

(1) Convince Chiang Kai-shek—without committing this government directly—that China can play its part as one of the Big Four of the United Nations only if all Chinese parties unite to rebuild the country after the war.

(2) Insist that the present Chungking government relax its dictatorial role at the earliest possible moment.

(3) Encourage China to improve its relations with the Soviet Union.

(4) Outline to China a program of political, social, and economic modernization which will, in time, make the country a leader in the development of Asia.

## The arrival in Washington of H. H. Kung, Chiang Kai-shek's economic dictator, means that financial backing for that proposed China program is being discussed.

You can expect Kung to support Washington and the dollar bloc at the Bretton Woods monetary conference. **Too much is at stake**—in terms of military support, long-term credits, and badly needed industrial equipment—for China to take any other stand.

Proposals of Vice-President Wallace, in his study for the Institute of Pacific Relations called "Our Job in the Pacific," ought to be noted for their long-term, rather than their immediate, implications.

**Europe's colonies in the Orient won't be internationalized at the end of the war. In fact, that question is not likely to be discussed formally at any of the U. S.-British-Russian-Chinese conferences expected later this year.**

Here's the trend of Washington's postwar thinking on colonial questions:

(1) A Council of the United Nations should draw up a set of minimum

# THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK

JULY 1, 1944

standards for education, labor conditions, and political tutelage which every colony-owning power should be required to inaugurate. Ultimate objectives would be to fit the natives to govern themselves.

(2) International controls should determine the military use which can be made of bases in the colonies.

Don't be surprised if the foreign allocation of U. S. supplies comes under fire in the pending election campaign.

**President Roosevelt has on his desk a report from a high-ranking official who has been performing special assignments at home and abroad for the Administration which insists that:**

(1) Lend-lease supplies, particularly in the Near and Middle East, have got into the hands of private traders who have sold them at a huge profit.

(2) Vast tonnages of military supplies have been consigned to American troops in areas stretching from Gibraltar to India; U. S. troops are stationed in such small numbers in these regions that this quantity of supplies could only be intended for use by the much larger British forces to defend their own territory.

(3) Britain's dollar balances have soared to nearly \$2,000,000,000, due in part to the flash of spending by American troops, particularly in the United Kingdom and India, and no adequate adjustment of lend-lease has been made to compensate for this changed condition.

**As one result of this memorandum, the State Dept. is said to be making an effort now to stop lend-lease deliveries in those categories where the British are claimed to be selling lend-lease supplies or selling British goods that have been replaced by lend-lease supplies.**

If you are interested in developing trade relations in Latin America, don't overlook moves in three key countries.

Despite a recent warning from Rio de Janeiro to potential foreign investors that Brazil's vigorous corporation and labor laws are not likely to be eased, **International Telephone & Telegraph Corp. has just obtained permission to establish and operate a wireless telephone system in all the states of Brazil**, and is proceeding with plans for an expansion program.

**Argentine officials, following recent nationalistic moves, may buy control of the country's biggest railway system**—the Buenos Aires Great Southern Ry. Co.—and of the smaller Buenos Aires Western Ry. Rumored price, according to London, is £85,000,000.

Recent London efforts to counter the forced sale of British-owned Argentine properties through the use by Buenos Aires of huge blocked sterling balances have apparently failed.

Not to be overlooked, too, is the imminent listing on the Buenos Aires Stock Exchange of shares of La Forestal Argentina, the country's biggest producers of quebracho extract (used in tanning). Owned entirely by British capitalists, shares heretofore have been quoted only in London.

Lee de Forest, veteran U. S. radio manufacturer, is preparing to build in Mexico television receiving sets which will retail for \$125. **Mexican investors are participating in the deal, the initial investment in which is \$400,000.**

# Holding a Course

**Sweden turns adverse wartime conditions to profit by building merchant fleet. Faster ships emphasized.**

In wartime, neutral states must fight their own fight for subsistence. With its area of economic activity circumscribed by the belligerent nations, Sweden has plotted a successful middle course for nearly five years.

• **Silver Lining**—What has happened to Swedish shipping during the war illustrates how adverse circumstances have been turned to advantage and profit.

When Germany invaded Denmark and Norway in April, 1940, nearly half of Sweden's merchant tonnage was caught outside the Skaggerak—between 950,000 and 1,100,000 deadweight tons. Some 675,000 tons were chartered to Great Britain, and the rest continued to ply between Atlantic and Pacific ports.

For Sweden, always dependent upon imports for grain and petroleum, the passage of ships in and out of the British-German blockade has been of great importance to the national economy. Sweden has had to impose strict rationing of foods, petroleum, industrial materials, and consumer goods as a result of the cutoff of normal trade.

• **Off Again, On Again**—The safe-conduct traffic through the Skaggerak has been an off-and-on affair. The first agreement ran from December, 1940, until April, 1941, when it was abruptly terminated by Germany. It was resumed again between July, 1941, and Jan. 15, 1943, when it was stopped again. Permission was granted again on May 6, 1943 and ships passed in and out again until October. They have again been allowed transit since Jan. 10 of this year.

Under each of these agreements, five ships a month have traveled in both directions. Tankers have not been counted in the agreement and have carried essential quantities of fuel and lubricants to Sweden.

Since the outbreak of war, Sweden has lost 226 vessels of 770,000 tons, but replacement construction has been sufficient to leave the merchant fleet today only about 200,000 tons short of the 1939 total. Nearly 500,000 tons of vessels chartered to Great Britain, and operated as a part of the United Nations pool of shipping, have been lost. Replacement building has to a large extent been financed by insurance payments on lost vessels.

• **Fleet Streamlined**—Faced with declining income from shipping services, ham-

pered by the restrictions of safe-conduct agreements, and experiencing a gradual decline in total tonnage, Sweden has cautiously directed construction toward refinement and streamlining of its merchant fleet.

After the war Sweden will have a faster fleet better adapted to the country's trade needs. Its ships will have larger cubic capacity in relation to tonnage. The tanker fleet will be larger. While steamship tonnage will have been reduced by at least 350,000 tons,

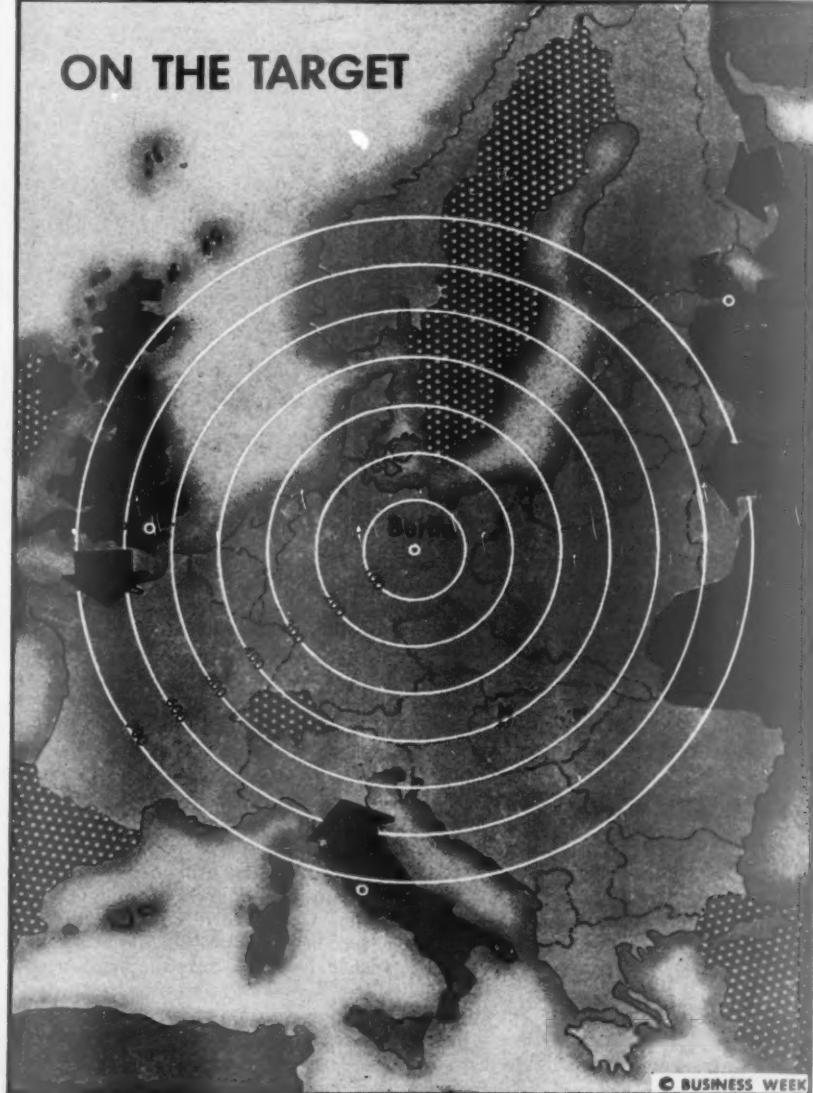
motorship tonnage will be nearly 150,000 tons greater.

• **Sweden's Ships**—At the end of 1943, the merchant fleet consisted of the following:

Type	Number	Deadweight Tonnage
Steamships	702	760,000
Motorships	530	1,050,000
Auxiliary ships	854	110,150
Sailing ships	3	225
Total	2,089	1,920,375

During the war, Sweden's cargo ves-

## ON THE TARGET



© BUSINESS WEEK

The converging might of the United Nations toppled two major objectives this week and threatened a third. In France, while British and Canadian forces held off aid to the Nazi garrison from the east, American troops seized the port of Cherbourg. Opening a massive 275-mile wide offensive into

White Russia—while still punching at Finland farther north—the Red Army bowled over Vitebsk, encircling 45,000 Germans, swept on toward Minsk. In Italy, Allied forces rolled back the front to within sight of Florence and prepared to lay siege to the important industrial port of Leghorn.

sel tonnage has been increased, but losses of nearly 270,000 tons in tramp vessels have not been replaced.

Ship construction has continued under many adverse conditions, chiefly unavailability of imported components. The record of wartime construction is:

Year	Deadweight Tonnage
1939.....	328,000
1940.....	235,000
1941.....	250,000
1942.....	215,000
1943.....	224,800

**Building for Norway**—At the start of this year, Swedish shipyards had orders for 122 vessels of 778,450 deadweight tons, of which 81 of 451,850 tons were under construction or launched but not delivered. However, of the total on-order tonnage, 540,000 tons are on Swedish account, the remainder almost entirely for Norway.

Sweden's building plans are conservative, based on a fear of over-tonnage in the world after the war—despite the fact that it can be demonstrated that a relatively high level of world economic activity with a parallel expansion of international trade will probably absorb the world's useful tonnage at the end of the war (BW—Feb. 12 '44, p15).

**Vital Income**—Shipping income is an important source of international exchange for Sweden, but not nearly so vital to the nation as similar income is to the United Kingdom, Norway, or Greece.

In 1937, Sweden earned only 3.2% of the world's total shipping receipts while the United Kingdom earned 37%, Norway 8%, and Greece 2.2%. The United States earned 7% of the world total.

The picture differs, however, when the ratio of shipping receipts to income from exports is examined. For countries on which data is available (1937), this relationship was as follows:

	Percent
Norway .....	36.5
Greece .....	24.1
United Kingdom .....	13.4
The Netherlands .....	9.2
Denmark .....	7.1
Sweden .....	5.9
Japan .....	4.7
France .....	4.0
Germany .....	3.7
United States .....	1.9

Nevertheless, Sweden's wartime maneuvers in shipbuilding will give it a running start on other shipping countries—even the United States, overbalanced with single-purpose Liberty ships—whose special-type fleets have been badly decimated by war.

## Show of Strength

Argentina's new weapons of war reveal rapid strides in industrialization. Country now is making planes and tanks.

**BUENOS AIRES**—Independence Day in Argentina is July 9. This year Gen. Edelmiro J. Farrell, third Argentine president in thirteen months, will celebrate this day in reviewing with the people Argentina's military strength.

From the Casa Rosada to the legislative buildings runs the Avenida de Mayo, and down this broad plaza will clatter the newest, but none too swank, Argentine weapons of war.

**Emphasis on Armaments**—Since the revolutionary putsch of June 4, 1943, when Gen. Pedro Pablo Ramírez relieved aged Ramón Castillo of the presidency (only to turn the reins over to Gen. Farrell a few months later), Argentina has devoted more attention to the manufacture of armaments than to any other single phase of industry.

The holiday demonstration will reveal the finest fruits of this program—35-ton "Tiger" tanks, heavy artillery, machine guns, depth and aerial bombs, and fighter planes—all produced in Argentina.

**Tanks Featured**—The government states officially that the 35-ton "Tigers" are being produced from parts made in 85 plants which also are engaged in the



*Ever in search of greener pastures, Fritz Mandl, Austrian munitions magnate, opens shop in Argentina.*

manufacture of other armament. The tank will be the feature of the parade. It has been revealed in a preview that it has a speed of 25 m.p.h., a range of over 150 miles, 500 hp., mounts 75-mm. cannon, three 8-mm. and one 13-mm. machine guns. The turret has a 360-deg. swing.

Where the government obtained much of the equipment to construct the tanks remains somewhat of a mystery, except for a fairly well substantiated report that the engines of a fleet of confiscated ten-ton trucks are being used to power them.

**Making Fighters**—Much publicity has been given to the production of the first all-Argentine fighter plane, a copy of the PT-19 Fairchild trainer, called the DL-22. Motors are produced in the Hispano-Argentine plant in Buenos Aires. Other raw materials and some components are arriving in increasing quantities from Spain.

Behind the scenes in the armament field, Argentina's fastest growing business, lurks rotund Fritz Mandl, Austrian munitions magnate and first husband of Hollywood's Hedy Lamarr in the days when her Austrian movie, "Ecstasy," made cinema history. Mandl has been in Argentina for several years and is associated in the munitions business with Austrian Prince Ernst von Stahremberg, once leader of the German Steel Helmet military order.

**Has Big Contracts**—Mandl personally superintends operations at the "IMPA"



*In Vienna (above), Prince von Stahremberg, Austria's former vice-chancellor, and leader of the German Steel Helmet order, got an ovation. And in Argentina, where he engaged in munitions making, he is also welcome.*

# No Future? There's nothing else but!

HERE, it's human to be anxious about what's going to happen to him when you see those young lads swing down the walk out into the world.

before you start hanging men-crepe on his chances for the future — just see if you can remember how *you* felt at the same moment in your life.

Are you scared when you stepped out to make *your* own?

sibly. But not nearly as scared as I. Not nearly as filled with dread with dreams. Not nearly as anxious over the things that worried your folks to see for yourself what the world is like.

"But," you say, "things are different now!" Thank his lucky stars they are!

Pray the Fates your son is getting his start in a nation beginning to find its way — beginning to wake out of the long nightmare of defeatism and the doom-filled, small-minded idea that America had crossed its last frontier.

But look at the new fields opening before him now!

Electronics — television — world-wide transport — plastics — helicopters — in every garage — light metals — diesel power — 100-octane gas!

Count the new processes, new materials, new methods, new proved products.



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ductive facilities he and his generation will have with which to shape a richer, finer, better world!

No future for today's youngsters? There's nothing else but!

There never has been anything but future for anyone young of mind and bold of spirit — and nobody knows that better than we of Hearst Newspapers.

For you realize, on a newspaper, how dead the past really is. How empty of anything but records to be surpassed, accomplishments to be excelled, ideas to be improved.

You realize that every item of news you print is old history even before the ink is dry — and then you see that the great and hopeful thing is what follows that news, how it shapes tomorrow and the new chances for aspiring men.

Hearst Newspapers have long

preached that lesson in a dozen key cities of the country, with such serviceability to nearly 5,000,000 families that they've come to count on our papers for certain definite things. For example:

*If it is on-the-minute, accurate news they want, they look to Hearst Newspapers first.*

*If it is authentic interpretation of events or trustworthy editorial counsel they want, they look to Hearst Newspapers first.*

*If it is features, newspictures, cartoons, columnists' comment, society, sports or business news they want, they look to Hearst Newspapers first.*

There is a lesson here which no sensible advertiser with an eye on the future will ignore.

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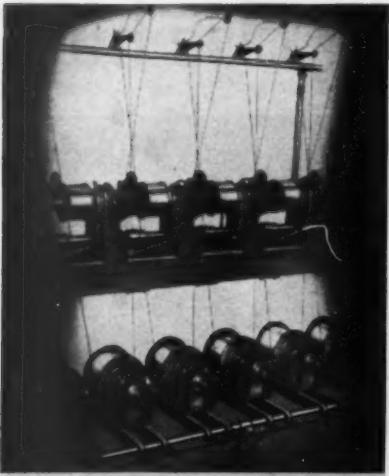
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SAN ANTONIO LIGHT  
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Close-up of four sections of a 12-Head FIDELITY Spooling Machine

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aircraft works and also is interested in the manufacture of machine guns, bombs, and shells. Although he has no official government tie, he holds large contracts with the defense ministry and is in close touch with military officials.

Since the possibility that Argentina will go to war with any of its neighbors is considered remote, the new war equipment serves the purpose of whetting nationalist sentiment and pride-in-country, thereby diverting attention from larger world problems. It also serves to remind would-be revolutionists that they might have a difficult time unseating the present regime.

• **Not Too Seriously**—Argentina's arms production is growing in importance not only as it affects an increasing number of workers but as it impinges on the relations between Argentina and other nations with which it can now take a superior attitude.

Actually, Argentine munitions are a make-shift affair and are not taken very seriously in other hemisphere countries which had received \$115,000,000 worth of lend-lease U. S. planes, tanks, and guns up to Mar. 1 of this year.

## RUSSIA REPORTS ON COAL

When the Wehrmacht swept to the gates of Moscow in the fall of 1941, the second biggest Soviet coal field was partly occupied and some mines were wrecked. Before the end of 1942, when the German armies were sweeping across the even richer Donbas coal region, the Moscow mines were back in Soviet hands.

Data on production—released recently by Moscow—indicate that in 1940 the Moscow fields were producing 18,300,000 metric tons of coal, compared with a 1937 figure of only 7,600,000 tons. In 1941, while some mines were still being reconstructed, production dropped fractionally from the previous year's level to 18,000,000 tons. Production in 1942 was 22,100,000 tons.

## GIZELDON RESTORED

Russia has completed restoration of the dismantled Gizeldon hydroelectric station near Ordzhonikidze, deep in Caucasus mountains.

When the Germans swept within sight of the well rigs of Grozny, a salient south of the Baku-Rostov rail line was driven toward Ordzhonikidze. The four giant turbines in the Gizeldon plant were removed to safety.

Restoration began only a year ago—before the Kuban wing of the Caucasus was freed of Germans—and by October, 1943, three of the generators were back in operation. The Gizeldon station has a capacity of 22,500 kw.

## CANADA

### Paid Parenthood

The Canadian government plan to pay bonuses to parents would lift prewar budget nearly 50%. It raises political issue.

OTTAWA—Canada is on the verge of a new social security experiment:

The first major instalment of the program is three-dimensional in motion, is now before the Canadian Prime Minister W. L. Mackenzie King's bill to provide bonuses to parents of children up to 16 years of age.

• **Triple-Headed**—Designed to (1) stem off wage increase demands, (2) encourage the Dominion's birth rate, and (3) make some goodwill for the Progressive Liberal Party in the impending national election, the proposal will put substantial cash in the hands of all Canadian parents of dependent children regardless of their need.

Preliminary calculations place the cost of this aspect of the experiment at \$200,000,000 a year with parents of 3,000,000 young children the direct beneficiaries.

• **Its Prospects Good**—If the proposal is approved, distribution of the largesse will start July 1, 1945, four months after the national deadline for a general election. Already the opposition is making the scheme a political issue, appealing for conservative support, warning that Liberal Party defeat will lead to revocation of the plan.

Under the proposal, payments will be nearly half as large as Canada's federal budget before the war. Actual cost, however, will be less than total bonus payments because income tax deductions for dependent children will be canceled.

• **Distribution of Benefits**—Net result of balancing the bonuses against tax deduction will be that family allowances will mainly benefit low-income groups, primarily those not paying taxes anyway.

Payments will vary according to age and number of children. Here is the monthly payment scale:

Less than 6 years .....
6-10 years .....
10-13 years .....
13-16 years .....

These rates are cut \$1 a month for the fifth child, \$2 for the sixth and seventh child, and \$3 for each additional dependent.

• **Some Incomes to Soar**—Minimum benefit for a family with four children

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will be \$240 a year, maximum \$372. The father of ten children will draw between \$600 and \$700 from the government. Many families will receive more cash income in bonuses than from the family head's wages.

Reductions in bonuses where families have more than four children is designed to meet criticism of the plan on the grounds that it is intended specifically to favor Quebec province where large families are the rule.

• Scheme's Genesis—Mackenzie King's bonus scheme is an offshoot of the Dominion's wage-ceiling policy.

In March, 1943, Ontario Supreme Court Justice Charles P. McTague was made chairman of a new wartime labor board and assigned the job of mitigating labor strife in war plants. In August, McTague recommended that the wage ceiling imposed in December, 1942, be lifted from wages up to 50¢ an hour. But as this proposal was a threat to Canada's anti-inflation structure, McTague suggested family allowances as an alternative (BW—Sep. 25 '43, p. 60).

• Seemed Visionary—Insiders believed McTague did not expect or hope the alternative would be adopted. Last December, King decided to hold the line on wages and he promised family allowances to eliminate inequalities.

Canadian politicians are awaiting McTague's reaction. In March he walked out of his labor board post and a few weeks later resigned his judicial position to become national organizer for the Progressive Conservative opposition party.

• Labor Opposed—Labor showed hostility to the parent bonus proposal this week as union leaders demanded that living standards of workers be maintained by wage increases rather than by what they termed "a dole." Industrialists oppose the plan because of its probable effect on postwar taxes.

The Mackenzie King government intends to integrate the paid parenthood scheme in a broad social security program which will be administered by a new Dept. of National Health & Welfare.

## FERRY HAS EIGHT DIESELS

Canada is building a \$4,750,000 ice-breaking car ferry at Sorel, Que.

The ferry will be 7,000 gross tons, 373½ ft. long, with a 61-ft. beam, and will be powered by eight diesel engines turning up 12,000 hp. at 16.5 knots. Announcement of the new ice-breaker was made by Minister of Transport J. E. Michaud. It will carry freight and passenger railroad cars, autos, and passengers between Port Borden on Prince Edward Island, and Cape Tormentine in New Brunswick.

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# THE MARKETS

(FINANCE SECTION—PAGE 66)

The renewed enthusiasm for stocks generated by D-Day news, which sent industrial and rail price averages to peaks not recorded for several years, slackened a bit last week. Stocks generally—though there were exceptions—began to churn around at levels slightly under their "invasion highs."

● **Market Firms Up**—Trading volume on the New York Stock Exchange, although some 20% below the previous week's total, remained far above the earlier 1944 mediocre daily average. And most encouraging to Wall Street was the market's ability to absorb considerable profit-taking without retreating.

In daily trading sessions this week, while some price weakness began to be seen Wednesday, the market has been disclosing a firmer tone and Big Board sales on Tuesday crossed the 2,100,000-share level, for only the fifth time in 1944.

● **New Lease on Life**—Investment buying has been seen in the stock market since favorable war news from the Normandy beachhead and other sectors started to give the market a new lease on life, and many blue chip issues lately have kited to new heights.

Nevertheless, the attention of those participating in the current rally has been focused primarily on the low-priced issues, especially those in the very speculative "under \$10" category.

● **Low Average**—Last week's 15 most actively traded Big Board stocks had an average price of only \$9.93 a share, with only three valued at above \$15, five obtainable at below \$4.75, and nine selling at prices under \$8.75.

So avid has been such buying, particularly in the low-priced issues of the automobile "independents," that one now finds Willys-Overland, for example, at around \$19 a share (it was only \$6 recently and went as low as \$2.12 in 1943); and Hupp, which earned only 5¢ a share in the 1944 first quarter, is selling around \$3.60 compared with less than 70¢ in 1943.

● **Readjustments Seen**—A good many Wall Streeters don't like this leadership. They think the recent buying in most of the "peace stocks" now has pretty much discounted all postwar prospects save lower taxes. They can thus visualize a rather drastic price readjustment ahead if such stocks haven't been moving into strong hands.

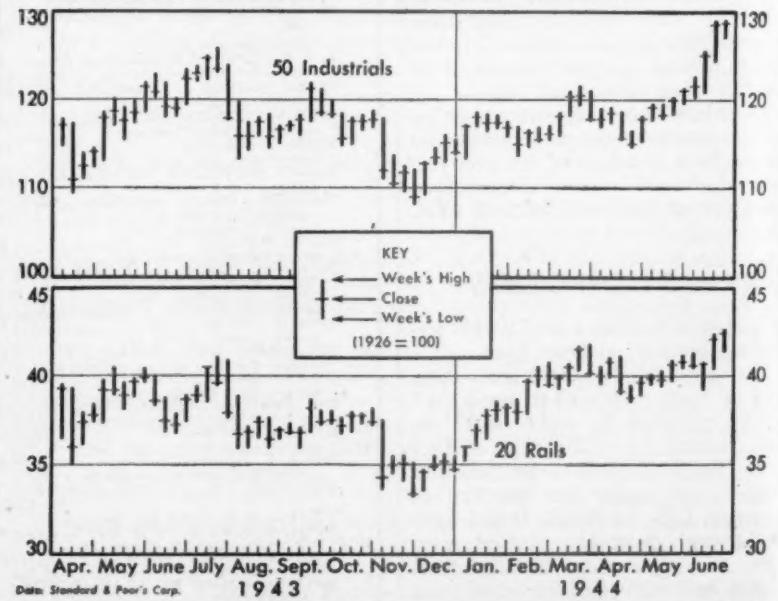
The bulls, however, say that the market's recent action, the continued success of our armed forces, the long-range earnings and dividend outlook, and the huge amount of funds demanding investment definitely point to higher stock prices, even though occasional minor corrective periods of price weakness may be encountered.

### Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	128.7	128.5	121.1
Railroad	42.4	42.1	40.8
Utility	54.5	53.6	51.4
Bonds			
Industrial	121.1	121.4	121.9
Railroad	105.6	106.2	107.3
Utility	115.9	116.1	115.7

Data: Standard & Poor's Corp.

### COMMON STOCKS—A WEEKLY RECORD



# THE TRADING POST

## Outlaws

The following letter written by Thomas Jefferson Miley, Secretary of Commerce & Industry Assn. of New York, will register with many employers who are wondering:

Hon. L. Metcalfe Walling, Administrator, Wage and Hour & Public Contracts Division, U.S. Dept. of Labor, Washington, D. C.

Sir:

According to the New York Times of May 28, your division for the period July, 1943, through February, 1944, found 80% of the New York firms which you investigated in violation of the Fair Labor Standards Act or the Walsh-Healey Act.

This is an amazingly high percentage and made inquiry of our industrial relations bureau, which is the department within our organization designated to keep track of such matters, whether or not it was possible that 80% of New York employers were law breakers. The industrial relations bureau informs me that such a percentage is quite possible and perhaps even low, and it arises as a reason the extreme technicalities involved in the application of both of these laws to business practices. The technicalities are so numerous and complex that even the best intentioned and most careful employers violate these laws inadvertently.

It occurs to me, however, that when 80% of any group in American life are law breakers, it is not the group but the law which is wrong, and I write to inquire whether your division has formulated or is contemplating any revisions of these statutes in order to make them understandable to the ordinary business man and to insure compliance by a more substantial number of firms.

In discussing the matter, our industrial relations bureau pointed out one or two instances in which apparently the application of the law goes beyond anything which Congress ever intended. One of these was the Miley case in which the former treasurer of the corporation, who was also a member of the board of directors and whose salary was \$1000 per year, recovered overtime against his former employer, even though he had not performed his duty as treasurer to record his time and advise the corporation of the existence of its debt to him.

Another case involved the purchase by one of our members of a mill from four brothers who had owned and operated the mill for many years. The sale of the mill left the brothers without employment and they requested the new owner to retain them to perform substantially the same type of work which they had done while proprietors. The new owner did so and, upon investigation by our division, was held to have violated the Fair Labor Standards Act. I am told that, holding the employer liable, your division probably correctly applied the law.

It seems to me that some simple remedy might be worked out for cases such as the Miley case; for example, the adoption of a

salary limit over which the act would not apply. Such an exemption has been granted in connection with the old age pension system in respect to salaries over \$3,000 and it might work well in connection with these wage and hour matters. There must be many other types of violation of these acts which could be obviated by some such rule of thumb as that suggested in connection with the executive exemption.

I should like to know whether your division has made or is making any study of violations by types in order that the business community may be furnished with an act which it can apply with some certainty that it is complying with the law. This association will be glad to aid in any such program.

## "American Enterprise"

In speaking recently to the Cleveland Chamber of Commerce, Tom M. Girdler, Chairman of the Board of Republic Steel and of Consolidated Vultee Aircraft, made a point that, because it is so often overlooked, will bear repetition.

In the midst of all these historic stirrings, American industry is trying to keep its balance and its head. It has solved one great problem and is now facing another equally as great. The first was war production. The second is reconversion.

In the production of war materials, all that is necessary now is to keep the wheels rolling at top speed wherever required. We now, unquestionably, have the productive capacity to finish the job.

Perhaps you are amazed that this is so. Perhaps it never occurred to you that a nation such as ours, saddled, some say, with a flabby democracy and an old-fashioned system of private capitalism and profit and loss, could accomplish so much in so little time. Perhaps you never suspected that the managers of industry, besmeared and bewildered and kicked around for years by young bureaucratic bright-eyes, would come through.

But these things have come to pass, to the wonder of the world. Not only has American industry supplied the needs of our own vast army and navy and air forces, but it has sent guns and ammunition and tanks and airplanes and clothes and food to the armies of our allies all around the world.

All this has been accomplished by what, for want of a better word, people call private enterprise, but which really is American enterprise. And now as the war rushes to its inevitable conclusion, industry must think of reconversion to peacetime pursuits.

Mr. Girdler offers us here a substitute or, at least, an alternative for the over-worked "private enterprise." And that reminds me, as a friend put it the other evening, that the standing of that phrase with the American people would be improved if it had the benefit of a little less reiteration and a little more explanation. He may have something there. W.C.



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# THE TREND

## GOVERNMENT SPENDING IN RECONVERSION

Even if Germany should fall some time before Japan, it is generally agreed that reconversion troubles will be at their worst around six months after the final victory. Clearly a vital factor in determining how low business activity will fall at that time is some estimate of how much government expenditures will have been cut. And the fact is that the flow of income from government to consumers in that crucial period will be higher than most persons have hitherto thought—at the rate of over 40 billions a year, and possibly as high as 50 billions, as compared with the current rate of over 100 billions.

To fix some of the variables roughly, assume Germany falls at the end of 1944, and Japan a year later. Sen. Walter F. George's postwar planning committee (BW—Jun. 17 '44, p5) estimates a demobilization of 2,500,000 to 3,000,000 servicemen during that year, and a discharge rate rising thereafter to 500,000 or so men a month—reducing the armed forces from a peak of more than 11,000,000 to about half that by mid-1946.

• The President's last budget message put the federal public debt at 258 billion dollars by mid-1945. That may be pessimistic, but the year-later debt will be high enough, even at an average interest cost of just under 2%, to carry interest payments on over 5 billion dollars a year.

In demobilizing the armed forces, first, discharge pay will average at least \$250 for each of 500,000 or so discharged men each month—or a rate of one and a half billion dollars a year. Second, the new "G.I." law provides a minimum of \$20 weekly unemployment benefits for veterans; 8,000,000 will be eligible by mid-1946 (over 13,000,000 in service one time or another, with but 5,500,000 or so remaining then). If, say, 2,000,000 of them happen to be vacationing before seeking work, or shopping among jobs, or temporarily laid off, the unemployment bill will run over two billion dollars a year. On top of this will be veterans' disability and other pensions and hospitalization care; prewar, this cost almost a half billion dollars a year. For fiscal 1945 it is budgeted at a billion and a quarter, and postwar estimates range as high as five billions; so, by mid-1946, casualties and service disabilities will push this item to at least two billions a year. Other "G.I." items will build the total to well over five billions a year.

• Next come the general costs of federal administration. Old-age pensions and unemployment benefits ran over a billion dollars a year prewar, and certainly will top that in 1946 when there will be so many more persons eligible. Reforestation, flood control, highways, and airports took up almost a billion a year prewar, and will again in two years. Payments to agriculture were a billion prewar, half a billion during the war, and so will tend toward a billion postwar. Foreign relief and rehabilitation, including the

remnants of lend-lease, must conservatively be estimated to cost upwards of a billion a year at mid-1946. General administrative costs have run over a billion a year, and will continue at least that high. Hence, civil administration also will cost in excess of five billions a year by mid-1946—and it, interest, and "G.I." expenditures together will total well over 15 billions a year.

• What will remain of war costs? Well, pay and subsistence for the present armed forces are budgeted at 15 billion dollars a year now. With half the fighters still in service at mid-1946, this cost will come, at least, close to 15 billions a year.

In hard dollars, war production now costs about 6 billions a year. In June, 1940, even before the start of national defense, our war industries were producing at above 3% of the current rate, so if we take this as the bottom for mid-1946, munitions will still be at least two billions a year. If we go on completing the bigger naval vessels, developing new designs, or producing new weapons, the munitions rate might not fall below ten, much less five billion dollars a year. Together, munitions and pay and subsistence will cost a minimum of 15 billion.

Expenses of state and local government units are now running over seven billions a year. The end of the conflict will permit resumption of postponed local public works, and expansion of war-reduced police, education and other staffs. It will require larger outlays for unemployment compensation and related benefits; so state and local expenses are very likely to rise toward, if not beyond, ten billions a year.

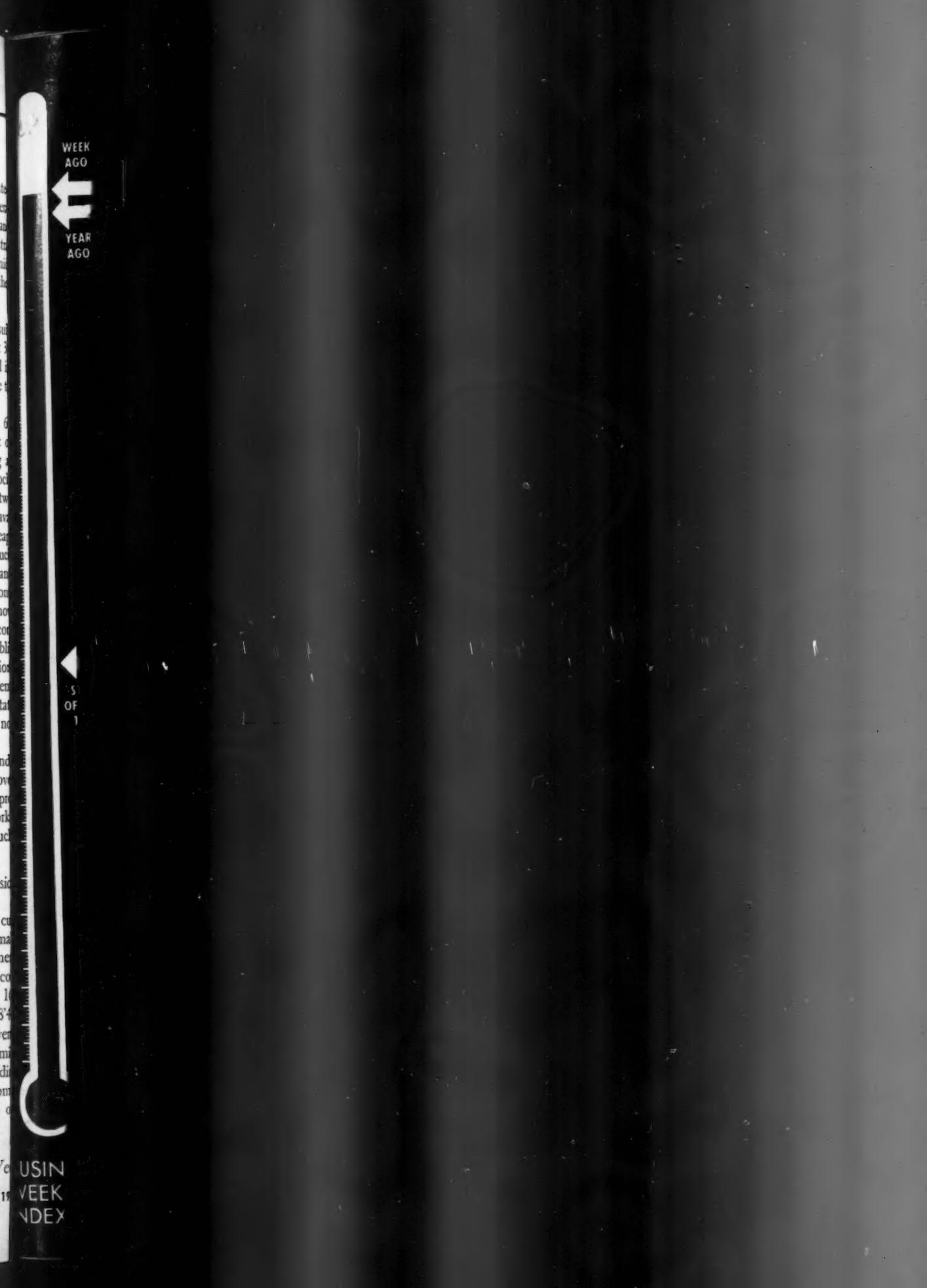
All this adds up to a minimum government expenditure of more than 40 billions a year with a total of over 50 billions easily conceivable—without any major programs for foreign rehabilitation, for federal public works, for liberalizing unemployment benefits, or other much-talked-of possibilities.

• Here's how these facts fit into the over-all reconversion trend:

Roughly, for consumers to go on spending at the current rate of over 90 billions a year (assuming "normal" saving and present taxes), business and government together would have to spend 70 billions during reconversion—giving us a total gross national product of 160 billions as against almost 200 billions now (BW—Jan. 8 '46, p112). Therefore, the preceding estimates on government outlays define business' task as spending at mid-1946 a bit more than 20 billions a year—on rebuilding inventory, reconverting plant, constructing new homes and factories, financing an export balance, and so on. Analysis of the feasibility of that task is a vital job.

The Editors of Business Week

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